

May 1995

Nevada BUSINESS JOURNAL

Nevada's Only Statewide Business Magazine



Transportation

Nevada's growing role as the
distribution hub of the Southwest

Nevada's Utilities

Keeping pace with growth

Commercial & Retail Development
Takes Off in Southern Nevada

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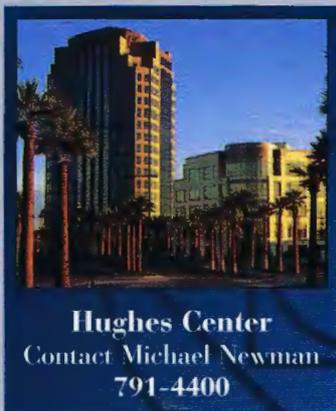
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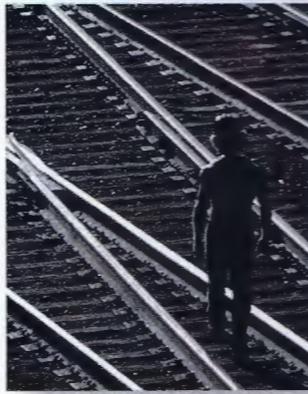
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Transportation

Nevada's growing role as the distribution hub of the Southwest

by Larry Litchfield

TRANSPORTATION, the heartbeat of worldwide trade, is the single most important conduit enabling Nevada to fulfill its insatiable appetite for countless imported commodities and for getting our locally produced goods to equally hungry consumers beyond our borders.

The Silver State today is the undisputed distribution hub of a dynamic 11-state region; sprawling from Canada to Mexico, from the Pacific to the Rocky Mountains and beyond.

Consider these transportation magnets that attract truck, rail and air commerce to Nevada:

- We're postured at this crossroads with two international airports, a spider web of major roadways and an efficient network of railroads.
- We're minutes away from California, the sixth largest marketplace on the planet. As the beleaguered Golden State continues to slowly rebound from its recession-plagued economy and costly natural disasters, knowledgeable observers claim it will continue to move its many

goods through our state's two major gateways and increase its consumption of our exports.

- Nevada's two largest cities house foreign trade zones that allow international importers duty-free storage and assembly of foreign products.
- Nevada also is home to the West's fastest growing warehousing and distribution centers that offer the most advanced logistical services available anywhere. Example: the new 680,000-square-foot Levi-Straus regional facility now under construction in Henderson, just east of I-15.

These are but a few of the superlatives that establish Nevada as a unique state in the nation's transportation grid.

Because we're a "consuming state," more freight comes to Nevada than leaves. Our needs are immense – bolstered, in no small way, by the year-round influx of global visitors lured here by the dice, cards, slots, wheels and world class entertainment offered by our primary industry – gaming.

In addition, our consumption rate of

imported goods has been skyrocketing with the flood of new residents moving to the area. These people need a house to live in, food to eat, clothes to wear and a wide variety of other goods. Transportation brings it all to their doorsteps.

Construction of new homes for the more than 5,000 new Nevada arrivals monthly, requires that lumber and many other building products and household goods must be brought in from elsewhere.

In and out of Nevada fly the jumbo jets and the huge semis roll across the endless miles. They provide consistent overnight delivery of goods to our growing population. Less visible are the freight trains hauling loaded boxcars and containerized flatbeds from points of origin across the nation. Many products are unloaded and reloaded here; others use Nevada as a convenient pass-through gateway to other marketplaces.

Tons of perishable goods – from food to flowers – arrive in Nevada by overnight truck or plane on a daily basis.

For instance, Las Vegas imports up to 300 tons of lobster tails per year, 1.8

million pounds of shrimp per month, and up to 100,000 pounds of chicken wings per week. One small distributor brings in 20,000 pounds of Italian pasta and cheese each month. Fresh-cut flowers from Latin America and Hawaii are another big Las Vegas import with more than 100,000 pounds arriving weekly by truck and jet.

Before we more closely examine the three key transportation modes and their major impact on Nevada, it might be helpful to explain two pluses that make Nevada especially attractive to shippers: The Foreign Trade Zones and the Nevada Freeport Law.

Foreign Trade Zones

NEVADA has two Foreign Trade Zones (FTZ), one located in Las Vegas and the other in Sparks. FTZs are airport sites, in or near a U.S. Customs port of entry, where foreign and domestic merchandise is generally considered to be in international transit. Such merchandise can enter this "zone" without formal customs duties or government excise taxes for a variety of purposes. These purposes include storing, repairing, cleaning, mixing, displaying, destroying, repackaging, assembling, testing and manufacturing.

If the final product leaves the zone and is exported from the U.S., no duty or excise tax is levied by customs. If, however, the final product is imported into the U.S., customs duties and excise taxes are due only when the goods are transferred from the foreign trade zone and formally enter the U.S. The duty paid is the lower of that applicable to the product itself or the component parts.

Thus, FTZs provide opportunities for shippers to save customs duty costs. In addition, FTZ procedures provide one of the most flexible methods of handling domestic and imported merchandise. Related to these zones are two inland ports-of-entry at Las Vegas and Reno. These U.S. customs service facilities are located at the airports in both cities.

Nevada Freeport Law

OUR STATE'S freeport status protects shipments in transit from state taxation while being stored, assembled or processed for ultimate use in another state. This pares down the cost of doing business both domestically and internationally. The law also exempts inventories held for sale within Nevada from personal property tax. Warehousing facilities are springing up near transportation centers across the state to store goods for this purpose.



ABOUT 70 percent of Nevada's total manufactured freight – or more than five million tons – is moved annually by truck, based on most recent statistics.

According to The Nevada Motor Transport Association (NMTA), Nevada has nearly 16,000 businesses that depend on trucks to remain competitive. Industries such as tourism, mining, agriculture and the retail trade are almost totally dependent on the big rigs to move their products to consumers.

The state's mining industry spotlights the importance of trucking to the statewide economy:

Nevada is the country's largest supplier of gold and turquoise. Since most of these and other mineral mines are located in rural locations, producers must rely on trucks to move: equipment to sites; mined ore to factories for processing; and finished products to market.

More than 150 motor carriers provide overnight freight services to about 80 percent of the Western markets, including 90 percent of California cities, with the balance served by second-day delivery. The recently deregulated industry, according to the NMTA, allows inter-

state trucking firms to offer up to 40 percent discounts to customers.

"No other industry directly affects the daily life of each person in Nevada like trucking," says Daryl Capurro, NMTA's managing director.

Every product in Nevada travels five to seven times in a truck during its manufacturing-to-distribution cycle. Trucks also provide the sole method of freight transportation to 82 percent of the state's communities. Nevada is home to more than 1,300 for-hire and private trucking companies. Without trucks, the state's grocery store shelves would empty in three days.

A typical five-axle tractor semi-trailer pays \$10,631 in highway user taxes. The industry pays a total of \$78 million in highway taxes to the state, and \$50 million in federal highway taxes; most of which return to the state via federal highway allocations.

The trucking industry's payroll exceeds \$1.2 billion for 441,889 Nevada residents, or, according to Capurro, "one out of every 13 working residents." The average trucker earns \$5,000 above the average resident's annual wage, for a median wage of \$29,154 – about \$15.60 an hour.

Trucking, like other large industries, is not without revenue-threatening issues.

One proposal, being considered by the Nevada State Legislature, would eliminate the current highway tax structure (registration fee plus special fuel taxes) for trucks, and impose a new system that taxes carriers by their registered weight, times a variable weight-distance tax. This plan is designed to help offset a reported \$2 billion long-term shortfall of highway-related revenues.

According to Capurro, "Only five other states impose this third-tier tax, while many have repealed it because it was difficult to enforce, costly to administer and easily evaded," he said.

"Overall, weight-distance taxes substantially raise the transportation costs of doing business – in some cases almost

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tripling the cost. With 82 percent of Nevada's communities dependent on trucking, this (new) tax will negatively impact state businesses," warns Capurro.



TWO major rail lines – Union Pacific and Southern Pacific – move goods along more than 1,300 miles of railroad track stretching across the state of Nevada.

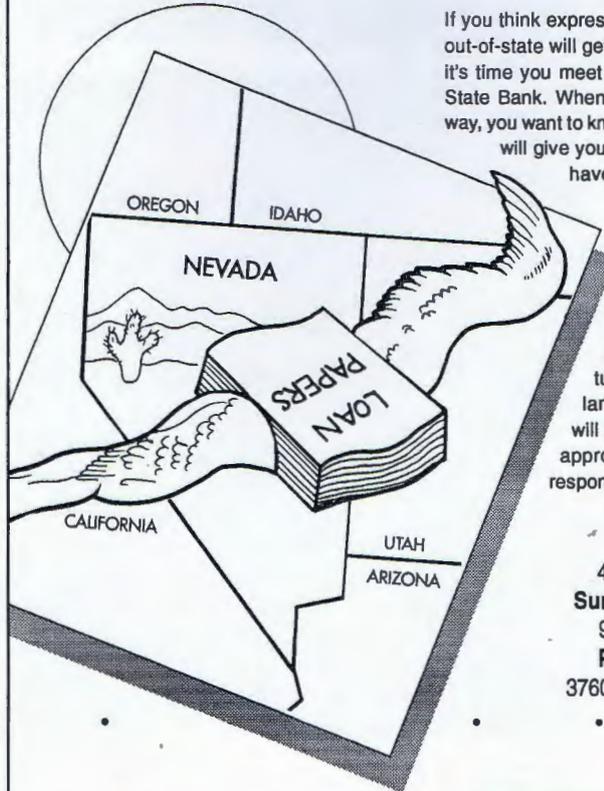
The state's largest rail hauler in terms of trackage and tonnage, Union Pacific Railroad (UP) carries coal, chemicals, aggregates, lumber and consumer goods on lines connecting Reno, Winnemucca, Valmy, Elko, and Wendover with Central California and Salt Lake City in the north. Salt Lake City connects through Las Vegas/ Henderson and Moapa with Los Angeles/Long Beach to the south.

In Reno, UP has been a major player in the expanding warehousing industry made possible by the Nevada freeport. In Las Vegas, the railroad has been a major partner in Clark County's explosive construction boom.

"As Nevada grows," says Ed Trandahl, Union Pacific Railroad's regional public relations director in Omaha, "so does Union Pacific. We're shipping increasing amounts of lumber and consumer goods to Las Vegas and Reno, while handling more chemical loads from plants in Henderson."

UP employs more than 450 in the state with an annual payroll of nearly \$25 million. It pays about \$1.7 million in state taxes and spends \$3 million in local purchases, annually.

Southern Pacific Lines (SP) has served the Silver State since 1867. The rail line operates a major yard and intermodal ramp in Sparks. SP connects the San Francisco Bay area through Reno, Elko and Winnemucca to scores of other U.S.



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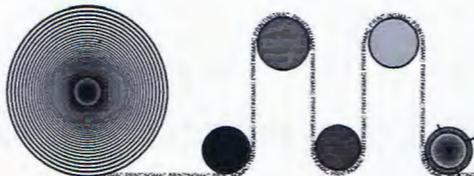
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population centers. The railroad's 300 Nevada employees have a combined payroll of \$12 million.

"Nevada has been good to Southern Pacific for many years," says Tom Schursted, SP western regional general manager in Denver. "We're optimistic about our future in the Silver State, and expect increased cargo tonnage in order to keep in step with the phenomenal growth."



FIVE communities in Nevada – Las Vegas, Laughlin, Reno, Elko and Ely – provide businesses with expanded airport freight service. Of these destinations, only Las Vegas and Reno serve as inland Pacific Rim gateways to the U.S., via McCarran International Airport and Reno/Tahoe International Airport.

Airborne Express, DHL, Emery Worldwide ACF, Federal Express and United Parcel Service serve both airports. McCarran is served by Air Cargo, Burlington Air Express, McCarran Aviation and Evergreen, while Reno also has cargo service provided by Airpac.

McCarran International Airport

WITH nonstop service to 61 cities, McCarran International Airport is the nation's 10th busiest passenger terminal – more than 75,000 passengers daily – and has the longest commercial runway in the United States at 14,805 feet.

"We're going to continue developing McCarran into a world-class facility," said Robert N. Broadbent, director of aviation for Clark County. "McCarran has emerged as hub of the Southwest and now serves as a major intersection in a global marketplace."

Airport planners have nearly \$400 million earmarked for looming capital improvement projects, including expanded

cargo facilities. "Cargo is a rapidly growing local industry segment which is expanding to support southern Nevada's economic boom," said Broadbent.

Clark County has spent \$12 million on a 220-acre, International Air Cargo Center. Phase one of the cargo center, featuring a 78,500-square foot warehouse and cargo handling facility, was built and is operated by International Aviation Terminals Corporation of Vancouver. Phase two is currently under construction and will include a 40,800-square-foot warehouse and additional parking.

Nearly 52,000 tons of cargo were moved through McCarran in 1994, up 13 percent from 1993. By the year 2000, nearly 105,000 tons is projected.

According to Chris Hilbus, McCarran's manager of special projects and cargo development, "More foreign carriers are using McCarran as their cargo gateway into the Western U.S."

Richard Lee, southern Nevada's "growth guru" from Lawyers Title of Nevada, said, "McCarran has emerged as the MVP of the 21st century jet age. It's truly the fuel for gaming, construction and other engines lifting the economy like a rocket to the moon," said Lee.

"Las Vegas, in addition to its good location, has affordable storage rates as a duty-free port of entry, a pro-active business environment and a very affordable tax climate for warehousing, distribution and manufacturing," Lee notes.

"Being at the hub of the southwestern U.S. is a distinct advantage for McCarran and southern Nevada," states Lee. "We can haul commodities from Las Vegas to Los Angeles and other key Western cities quicker than they can be flown there directly from Pacific Rim cities."

Lee says that, because of California's sluggish bureaucracy, goods from the Pacific Rim can be flown to Las Vegas and trucked to end-users in Southern California two days faster than if flown to LAX directly.

The two-day time savings is the economic "banner headline" that McCarran

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shouts to the world. "Low back-haul trucking rates to Southern California markets make Las Vegas a convenient and economical alternative to the congestion and high costs of traditional West Coast gateways," says Clare O'Brien, McCarran's manager of marketing and economic development.

"Southern Nevada's strategic geographic location and dynamic commercial growth, coupled with McCarran's ample freight capacity and attractive rates, make Las Vegas' future as a cargo hub bright," she said.

Bruce Gebhardt, marketing vice-president for Viking Freight Systems, says his company has a great deal of faith in the future of Las Vegas as a major distribution center.

And Ed O'Meara, Continental Airlines' senior director of cargo marketing, said, "The shift [to inland gateways] will be

successful and can be exploited where airports are willing to provide the infrastructure and the welcome mat."

Reno/Tahoe International Airport

RANKED 49th busiest with 5.4 million passengers in 1994, Reno/Tahoe International Airport is operated by the Airport Authority of Washoe County.

More than 17,430 tons of freight arrived at Reno in 1994, up 11.5 percent from 1993. About 9,000 tons of freight departed, up 10 percent in the same year. Officials expect cargo activity to quadruple by the year 2010.

"Our cargo activity continues its double-digit growth, highlighting the increased capacity Reno/Tahoe International Airport represents to distributing, warehousing and manufacturing businesses. Our centralized location acts as

northern Nevada's trade gateway to and from West Coast cities," said Robert C. White, executive director of the airport.

Ten of the more than two dozen companies which use Reno as their gateway airport, have joined the airport's roster since December, 1994. And the U.S. Postal Service contributed to the cargo volume in 1994 by moving more than 10,450 tons of mail through the airport.

THE significance of Nevada's rail, truck and air cargo industries is clear. Transportation is the lifeblood that feeds daily living in the Silver State and connects Nevada to markets both near and far. ♦

A former newsman, Larry Litchfield, is a free-lance writer and currently head of The Litchfield Group, a public relations company in Las Vegas.

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Planning Southern Nevada's Water Future

Long before Hoover Dam tamed the Colorado River, Southern Nevada water officials have been seeking innovative ways to manage the region's groundwater supply and stretch its Colorado River allocation. Just as important as managing the existing supply and seeking new resources, is maintaining and expanding the "plumbing" system that transports water from Lake Mead to this thirsty, arid land.

Today, Lake Mead water is treated and delivered via the Southern Nevada Water System to an estimated one million customers throughout the Las Vegas Valley. In 1993, the system delivered an average 320 million gallons of water per day from Lake Mead to the cities of Las Vegas, North Las Vegas, Henderson, Boulder City, and Nellis Air Force Base, as well as urban, unincorporated Clark County.

In 1994, the Colorado River Commission approved expanding the system, increasing its capacity by 80 million gallons of water per day. The project is scheduled for completion by the summer of 1997.

Although work is under way to expand the current treatment and delivery system, the Southern Nevada Water Authority - the regional water resources and planning agency - is well aware that its heavy reliance on one system makes the region's entire water supply vulnerable to failure from natural or man-made disasters, power outages, and unforeseen mechanical problems. The failure of a single pipeline or pumping station, for example, could seriously impair the delivery of water to the Las Vegas Valley.

To address this potential future problem today, the Authority has launched an ambitious Integrated Resource Planning (IRP) effort and is seeking input from a 21-member citizens committee on the best combination of resources, conservation measures and facilities to meet the region's long-term needs.

One of the proposals being considered by this Advisory Committee is a new treatment and transmission facility. A back-up system would allow the Authority to meet critical peak demands during the summer months, as well as protect the Valley should the Southern Nevada Water System experience a failure.

Water officials describe the proposed system as a "second straw" in the lake. Moreover, a back-up facility would allow portions of the present system to be periodically shut down for routine maintenance without jeopardizing the Valley's water supply.

"Regardless of the potential for expanding the system's capacity, conserving water through more efficient indoor and outdoor water use must become a way of life for all Southern Nevadans," says Patricia Mulroy, Southern Nevada Water Authority General Manager. "We are urging all residents to set a personal goal of conserving 10 percent of their water use."

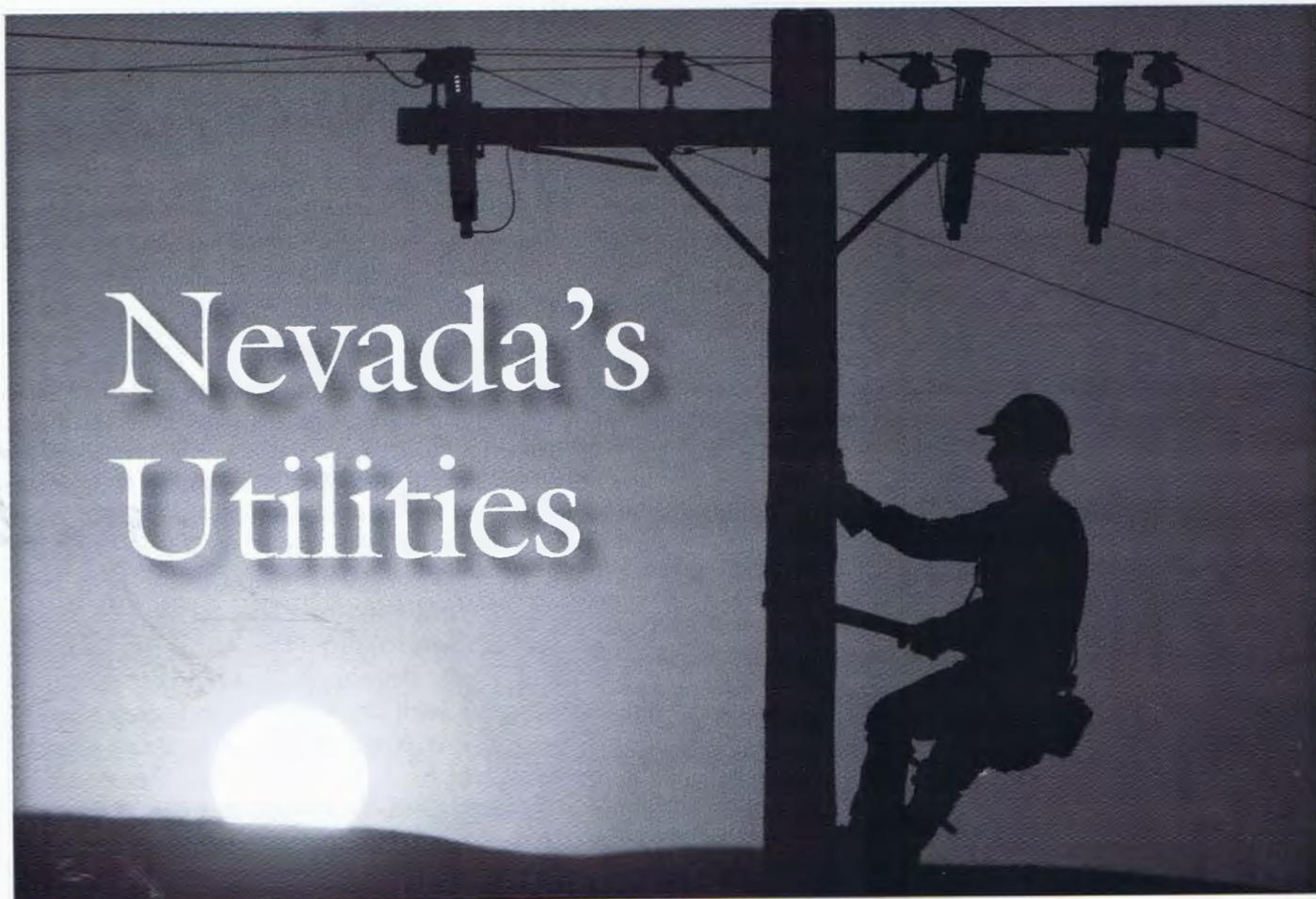
"Planning for the future requires that everyone be water smart today," adds Mrs. Mulroy.

(Third in a four-part series.)

For more information on the Southern Nevada Water Authority's conservation programs, contact the Public Services Office, 258-3930 or call the Conservation Hotline, 258-3102.

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Advertorial



Nevada's Utilities

KEEPING PACE WITH GROWTH

by Lisa Weiss McQuerrey

THE first real "boom" in the history of Nevada's growth began in 1850 with the development of the Transcontinental Railroad. People were attracted by the discovery of gold and silver, and by the time the railroad finally made its way to southern Nevada in 1910, the population of Las Vegas stood at 945 people.

In the last 85 years, the state population has grown to nearly 1.5 million. As a result, we've witnessed the expansion of commercial industry and the subsequent strain on both our natural and manufactured resources.

So how have we been keeping pace? Do more people mean higher utility rates for commercial and industrial customers? How are the increasing numbers of new businesses and new residential developments being serviced? Is the increased workload of the utility companies reflected in higher rates?

Anticipation of growth seems to be a common coping mechanism among utility companies – the art of staying ahead of the game without spending money irresponsibly. State utilities are looking not only to keep pace with growth, but also to offer improved services in the event the deregulation of the utility industry gives current customers more options. However, improved services doesn't necessarily mean lower rates. Rather, as many utility representatives have phrased it, this means a better "value" for your money.

The good news is the majority of the state's utility agencies are not expecting rate increases this year. Some note that customers may even see decreases: pointing to the addition of customer-friendly services designed to teach businesses and home owners how to be responsible, economically-smart consumers.

Water is by far one of southern Nevada's most precious resources. Not only is water necessary to support residents and the growing number of tourists, but all of the massive construction and development projects constantly underway as well. Las Vegas Valley Water District (LVVWD) director of public services, Larry Brown, says the aim of the agency is to provide a safe, constant source of water, while investigating alternative water sources.

Says Brown, "There is tremendous pressure on our planning department to determine where growth is going to take place. They have to take into account not only the residential areas under development, but also the services and commercial facilities bound to follow."

Brown notes that "demand projections" are based on population projections. He adds that many utilities underestimate growth and must spend time playing catch-up, while trying to look ahead to future trends. "But," says Brown, "there's always a flip side. We can't just say 'let's build it as big as it could possibly happen,' because that's irresponsible."

Southern Nevada gets the majority of its water from Lake Mead. One large straw delivers 600 million gallons of water each day. Brown estimates that, if left unaltered, this water source would be enough to only support the valley until the year 2000. Brown points out that with additional water sources being tapped, the supply could last until the year 2015, but the situation remains critical.

Serving all of Las Vegas and unincorporated Clark County, 80 percent of the costs of the non-profit LVVWD are fixed, according to Brown, "Our projected operating expenses are matched up with our projected revenues, so we can't raise rates to get a slush fund going to build things down the road," he says. "We can best estimate revenues for one to three years in advance."

According to Brown, LVVWD restructured their rate system in 1990, changing the system to charge both commercial



Sierra Plaza, headquarters for Sierra Pacific Power Company.

and residential customers based on how much water they use. "Our rate structure is otherwise based on meter size," says Brown. "If we miscalculate where the rates will break in, we'll have a revenue shortfall." Higher rates were designed to make people conserve, but sometimes, actually make them conserve more than anticipated, "This means a rate increase, or rate shock," says Brown. "What we're doing is slowly, but surely, moving our rates to where they should be as far as the value of water."

In an effort to not only lower water rates, but save precious resources, Brown says LVVWD continues to focus on conservation efforts, including public education. Although, "the voluntary push toward conservation measures have been backed up with some legal mandates," notes Brown. "Plumbing codes, water recycling, increased use of desert landscaping and restricted lawn watering times are all part of the master plan," he adds. "We're learning from other desert cities and their successful programs."

While water is an important desert resource, power generation plays a tremendous role in the lifestyle of the state, from powering air conditioners to cool 115-degree summer days in the south, to

warming freezing winter temperatures in the north. And let's not forget about fueling the glitter and lights of the industry that has made the state famous.

Vice president of Nevada Power Company's retail customer operations, Cynthia Gilliam says that responding to the growth while keeping rates low and providing good service, is indeed the biggest challenge facing the utility. "What we've done in the last few years to prepare for the growth is to go through an organizational study dubbed NP 2000," said Gilliam. "We've turned this organization upside down; eliminated about 100 positions, streamlined our processes and set up district offices."

Nevada Power is the fastest growing utility in the country, according to Gilliam, adding almost 25 thousand customers to its base in 1994. "We have to provide better service than anyone else," says Gilliam. "Right now we're the only choice ... but that's changing. It has already changed for our big commercial customers. They have the opportunity right now to build their own generators."

According to Gilliam, there is a "lopsidedness" to the power rates of southern Nevada for this reason: "Commercial customers subsidize the residential



Nevada Power headquarters building in Las Vegas.

customers," says Gilliam. "It's a challenge for us to change that relationship, since these are the folks that have a choice." Gilliam explains that rates are set in an electric utility by what is called "the cost of service".

"Serving a residential customer is more expensive than serving a commercial customer," says Gilliam. "Our residential rate is about 6 1/2 cents per kilowatt hour, and the industrial rate is about 6 cents." Comparing that with the national commercial average of nearly 8 cents per kilowatt hour and California's range of rates from 9 cents to 11 cents, Gilliam says we're in good shape.

Gilliam maintains it's hard for residential customers to understand why the power company would raise their rates while lowering prices for big commercial customers, like casinos. She explains, "If commercial customers are faced with cheaper alternatives because our rates increase, they may decide to leave our sys-

tem, burdening us with all of these fixed costs that would have to be recovered from the only customers we have left: the residential customers."

Gilliam says Nevada Power is trying to offer services which enhance the value of their product without adding people. "We want to partner with our commercial customers, because they look to us for ways to be more efficient," she notes. "We work with them to offer incentives, and find ways to lower demand."

Nevada Power is trying to cut costs and increase efficiency by doing more with the same number of employees, according to Gilliam. Right now, she says, rate increases are not in the picture for 1995. In fact, Gilliam says the price of fuel is going down and customers may actually see a decrease in their costs.

To the north, the picture is much the same as southern Nevada, simply on a smaller scale. According to Sierra Pacific Power Company corporate commu-

nications representative, Karl Walquist, growth in the northern part of the state has been fairly steady. However, Walquist agrees that competition is something all utilities have to be prepared for.

"Over the past several years, we've established major account managers — someone who works directly with our commercial customers to help them become more energy efficient and therefore reduce their bills," says Walquist.

Currently, Sierra Pacific is in the process of discussing a merger with Washington Water Power. Under proposed guidelines, the two separate operating divisions would fall under an umbrella company, Resources West Energy. Walquist predicts the expected savings as a result of the merger, an estimated \$450 million over the first 10 years, will be reflected in lower rates for consumers.

Sierra Pacific will most likely not raise rates this year, according to Walquist. The current low cost of fuel is contribut-

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Businesses where smoking has been banned have reported, in some cases, up to a 30% loss in sales. Some restaurants have been forced to fire employees and others have even had to close down.

ing to the steady rates. Says Walquist, "For any utility, half of the rate is fuel costs, either to run the power plant or purchase electricity from another utility."

Likewise, in the south, Southwest Gas doesn't have plans for a general rate increase in 1995. Company communication administrator, Sharon Rorman, says if there is any change in the current rate structure, it will fall under the company's purchased gas adjustment (PGA), or the cost of buying fuel. "Generally, twice a year we have a PGA, and if there's any increase at all, it will probably be very slight. In fact, it could even be a decrease," notes Rorman.

Southwest Gas manager of gas operations, Warren Rustad points out that rate increases, when they are called for, are often used to recoup losses, so they don't necessarily go to specific improvements in services. "But," Rustad says, "since



Gilbert Montoya, Sprint/Central Telephone-Nevada vice president of network services

we're dealing with an energy, we have a full range of services we offer. In the commercial sector, we have experts who can design a system for heating or air conditioning, and we can work with com-

mercial customers through our engineering and sales departments."

According to Rorman, one way to keep costs low for all customers is to be smart in utilizing existing staff, rather than hiring additional people when the customer load grows. "It's been a real challenge to keep pace with the growth," she says. "Our construction crews are working full time. We're hiring contract crews and since there's so much activity, we sometimes have to move our existing pipes. Our dedicated employees have been logging a lot of overtime hours."

Rorman and Rustad both point out that even though time is often of the essence when trying to keep pace with growth, safety is always a primary concern. Says Rorman, "We're always encouraging people to 'call before they dig', and our workforce is highly trained and qualified to perform the tasks required of them."

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SPRINT Central Telephone is certainly no stranger to growth – providing local, long distance and cellular service for more than 584,000 customer access lines. Sprint companies nationwide are among the fastest growing in the industry.

Sprint Central Telephone-Nevada, vice-president of network support services, Gilbert Montoya says, “Fortunately, the company made some good strategic positioning, which allowed us to convert the Las Vegas Valley into a digital format. This permits us to react to customer growth quickly by the placement of remote technology out of a host environment.” Montoya adds that the way Las Vegas grows “by leaps and bounds,” creates a problem when the growth spreads to remote areas. “At least with the remote technology, we’re able to follow the developers.”

Sprint Central Telephone has 22 wire centers that service the entire valley. According to Montoya, “The telecommunications company is very capital intensive. Everything is state-of-the-art and requires a large investment in the form of capital expenditures.” But he adds, “This allows us to offer our customers a number of high-tech services.”

In the area of rates and rate increases, Montoya points out, “We’re a regulated monopoly, so our rates are approved and our rate of return is set by the Public Service Commission (PSC). The PSC looks at revenues, earnings, expenses and return on investments. If our return is higher than what they’re allowing us, they’ll either make us cut rates or return part of that back to the public. This year, we expect to see rate decreases.”

Montoya says the actual amount of any decrease will vary across the board, and may not affect residential customers, since residential rates are already low. Montoya believes cuts will come “probably in the more competitive areas such as high-capacity circuits, video or data circuits and fiber optics.”

So how is Sprint coping with increased industry competition? There’s no doubt



A Southwest Gas employee welds new pipeline.

that competition is already fierce in the telecommunications industry, “On an industry-wide level, a lot of local companies are beginning to open the markets up to competition, in exchange for regulatory relief,” says Montoya.

One trend Montoya sees on the horizon is along the lines of what is currently being done by Rochester Telephone, called “price cap regulation”. Under the plan, telecommunications companies make a deal with the PSC to open the market up to competition, thus offering customers more options. They ask to set prices at a certain cap, and, in return, get the right to earn whatever revenues are

possible. The commission doesn’t set a rate of return, and the service price is frozen. “Sprint, and its operating companies throughout the United States, may try to do this,” Montoya adds.

Montoya sees a lot of action starting to take place in the communications business itself. He points to cellular service, personal communications systems, interactive technology and systems all being coined “information services”. Montoya says the technology already exists for video conferencing, data transmitting, interactive telephone and computer programs, which are all accessible through telecommunication advancements. ●



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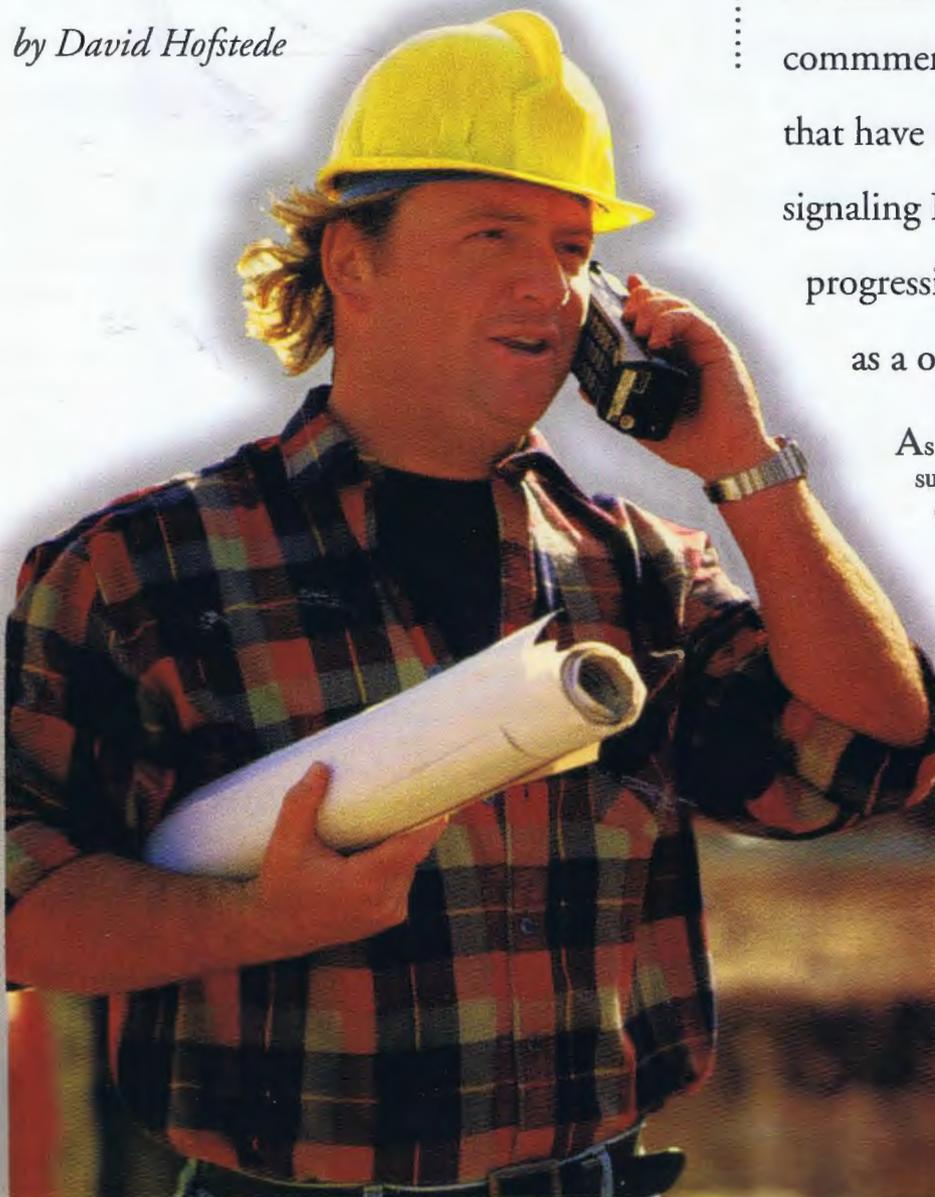
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Commercial and Retail Development in Southern Nevada

by David Hofstede



In the past two years, as Luxor, Treasure Island and MGM Grand held their ribbon-cutting ceremonies in rapid succession, mega-resorts have dominated stories about new Las Vegas projects. Overshadowed are the dozens of other retail, commercial and industrial ventures that have opened all across the valley, signaling Las Vegas' continuing progression away from its status as a one-industry town.

As more and more companies relocate to sunny southern Nevada to take advantage of its favorable economic climate, and favorable climate in general, more industrial parks are being built to accommodate them. Among those opening this year is the Golden Triangle Industrial Park, at Craig Road and I-15 (200,000 square feet of space on 320 acres), The McCarran center at Bermuda and Warm Springs (88,000 square feet) and the Pecos Industrial Complex at 4300 Pecos (91,000 square feet). "Industrial property located west of I-15 between Sunset and Sahara is most sought after, both by industrial users and investors. Users are attracted by accessibility to the Strip, McCarran Airport and I-15. Investors are attracted by the high demand and limited growth potential," said



Mountasia Family Fun Center is just one of a number of commercial and retail projects either under development or recently completed in Green Valley.

Dan Doherty, senior associate and industrial specialist for CB Commercial. According to Doherty, the area encompasses 18.7 million square feet with an overall vacancy rate of 2.4 percent.

EJM Development Company recently began construction on the Mesa Vista Business Center, a 163,700-square-foot speculative development that may be one of the last industrial projects of its magnitude to be built in southwest Las Vegas. Phase I, to be complete in July, will situate two buildings on a 9.3-acre site, located just west of Valley View on Mesa Vista. A 138,000-square-foot second phase is planned for construction in the third quarter of 1995.

According to Bret Mackay, director of industrial development for EJM Development, the project can accommodate users needing as much as 80,000 square feet, as well as provide dock-high load-

ing to as small as 6,000 square-foot users. "This allows smaller companies, that are in a growth mode, access to quality distribution facilities," he said. The planned second phase will offer these companies future expansion capabilities.

Lewis Properties' master-planned 120-acre complex at Pecos and Charleston, The Spectrum of Las Vegas, offers industrial, commercial, residential and retail for sale, lease, or build-to-suit. The 348-unit Spectrum Village Apartments adjoin the complex.

Centerpoint Phase III, by Tiberti company, is a three-story, 40,000 square-foot building going up at I-15 and Flamingo, where the high-rise project will benefit from the county's plan to add a road from the Rio Hotel stoplight, over the railroad tracks, to Industrial Road. Besides the improved access, another Centerpoint fringe benefit will be views

of the Strip that will prompt corner-office battles on every floor.

Tiberti also starts construction this month, at west Tropicana near Cameron, on the offices of Tiberti Fence Company. The company plans five additional speculative office-warehouse buildings over the next 18 months, and is about to begin its first casino project with the New Orleans Hotel-Casino.

The center of North Las Vegas' redevelopment area will get a boost later this year, when ground is broken on Brooks Park, a 50-acre regional power center, being built by Retail Center Partners, Ltd., and Sterling Realty.

Security Capital Industrial (SCI), has completed a 112,000-square-foot building at the Las Vegas Corporate Center, on Pecos and Craig roads in North Las Vegas. Two more buildings are currently under construction, with a final build-out of 2.0 million square feet possible for the center.

Nicky Blair's and the Fog City Diner are two new restaurants in the 750,000-square-foot expansion of the Hughes Center at Flamingo and Paradise. The 85,923-square-foot, five-story Hilton Corporate Plaza office building was completed in January. Hilton Hotels Corporation occupies 45,000 square feet on the top floors of the building.

Plaza West, a 38,400-square-foot twin office building at Summerlin, will be complete in July, more than doubling total office space at the master-planned community. At The Crossing, construction is underway on The Crossing Business Center, a 110-acre business park/employment center which will ultimately accommodate 1.2 million square feet of business facilities.

Hughes Airport Center, a 390-acre master planned business and industrial park being developed just south of McCarran Airport, at Sunset and Paradise Roads, is undergoing rapid expansion to meet the demand for space. Four multi-tenant speculative buildings, totaling 199,346 square feet have been com-

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pleted at the center. More than 300 employees and dignitaries attended the ground breaking for GE Capital's West Regional Center, an 81,000-square-foot facility, which could ultimately house up to 650 employees for Montgomery Ward Credit Corporation and Monogram Retailer Credit Services, Inc.

Justin Boyle, GE Capital director of operations for Las Vegas, said the city was chosen for the location, attractive business climate, and a highly qualified work force, including an abundance of qualified bilingual employees. GE Capital, a subsidiary of General Electric Company is headquartered in Stamford, Conn., and employs about 33,000 people throughout the world.

American Nevada Corporation continues to be an active player in the Nevada real estate market, with key commercial and residential developments located within its 8,400 acres of land encompassing the Green Valley and Green Valley Ranch master-planned communities.

Currently building over half a million square feet of commercial space, the company also continues to sell parcels and lease land for ongoing development.

The retail climate has also greatly accelerated the development of Green Valley Town Center, a 55-acre family entertainment project located in the area surrounding the Green Valley Athletic Club. In fact, many major retailers that would never have considered expanding into southern Nevada in the past are aggressively looking for sites here today.

The center, designed as a family entertainment centerpiece for Green Valley, has attracted the nation's largest theater chain, United Artists, for an eight-screen, first-run movie theater complex with 2,700-seat capacity. Leaps and Bounds opened a 13,000-square-foot indoor children's playland, while Mountasia Entertainment International recently opened its largest Mountasia Family Fun Center, with a 30,000-square-foot theme park and a 36-hole miniature golf course. Other retailers at Green Valley Town

.....

"Almost every downtown property is spending money on remodeling, renovations and expansions to coincide with the completion of the Fremont Street Experience."

.....

Center include Olive Garden Restaurant, Crocodile Cafe and Starbucks Coffee.

A 116,000-square-foot indoor/outdoor mall and grand plaza, feature unique design characteristics - a shaded "oasis" with cooling systems, decorative fountains and a host of features by the same company that handled environmental designs for several Disney properties.

Currently under construction, is the Green Valley Corporate Center, a 250,000-square-foot, Class A office park. The first phase, a two-story, 50,000-square-foot luxury office building, is for American Nevada's new corporate headquarters. Post, Buckley, Schuh and Jernigan Engineers (PBS&J), a national engineering firm, will be a second anchor tenant. The complex will ultimately be comprised of up to five buildings. The second facility, a three-story, 65,000-square-foot structure is set for completion by year-end.

Green Valley Civic Center, with the anchor tenant of Southwest Medical Associates, a subsidiary of Sierra Health Services, is undergoing a \$3.2 million, 23,000-square-foot expansion.

Galleria at Sunset Mall, a Forrest City Development project located at US95 and Sunset Road, is scheduled for completion in a year. Anchor tenants already signed include Dillard, JCPenney, Mervyn's and Robinsons-May.

All of this activity doesn't mean that the mega-resort front has abated. Progress

continues on Sunset Station, New York-New York and Beau Rivage.

The long dormant Old Vegas Resort may soon spring back to life. Plans have been drawn for a 126-acre master planned development at the property. The owners, Focus 2000, Inc., purchased the land in 1987, and prepared a site plan that includes a 522-space RV park, 160,000 square feet of retail space and three hotel sites for 4,000 total rooms. A seven- to 10-year buildout schedule is anticipated.

The real excitement in resort development will soon center on the downtown area. Currently only a fraction of the 23 million Las Vegas tourists visit downtown. Beginning this December, far more will visit the Fremont Street Experience. The company that built the Biosphere II in Arizona has erected a space frame over Fremont Street, which is permanently closed to vehicular traffic. The frame, which rises nearly 100 feet in the air, and stretches almost 1,500 feet, supports more than two million lights. Forty speakers per block will work with the lights to provide an amazing light show.

Softening the urban streetscape will be landscaping and patterned paving leading to the 50,000 square feet of entertainment-type shopping at the Eastern end of Fremont Street.

"The development of the Fremont Street Experience as a 'must-see' attraction, allows downtown Las Vegas to position itself favorably with the new developments along the Las Vegas Strip," said Donald D. Snyder, president of the Fremont Street Experience Company. "Almost every downtown property is spending money on remodeling, renovations and expansions. More than \$15 million is currently being invested by the downtown properties, and an additional \$71 million is planned to coincide with the completion of the project." The Fremont Street Experience can also be linked to more than \$20 million in road improvements, and to transforming the area into a safe, clean and welcoming environment to Las Vegas visitors." ■

by James T. Saint

Industrial users continue to find space shortages

Industrial users looking for warehousing and distribution space consisting of 10,000 square feet or more, are finding the competition in Las Vegas intense.

Lied Institute estimates there is an approximate total of 37 million square feet of industrial space in Las Vegas. As of March 1995, the vacancy rate was estimated at just 2 or 3 percent.

This is substantiated by an analysis in *The Leasing Line*, an independent third-party, multi-property listing service used by most commercial real estate brokers and developers in Las Vegas. In the March 1995 issue, of properties with more than 10,000 contiguous square feet, a total of 1.15 million square feet was listed as available or to be built. This is a vacancy rate of just over 3 percent. Of this space, 44 percent is under construction and will not be available until the third or fourth quarter of 1995.

This leaves just 56 percent currently available for tenants to occupy. This is less than two percent of Lied Institute's estimate of industrial space — one of the lowest vacancy rates in the Las Vegas metro area in several years.

As a result of the space shortage, companies must prepare well in advance of any expansion, growth and/or relocation plans to secure the necessary space at the desired price range and locale.

Businesses should consult with commercial real estate advisors early to determine short- and long-term needs and goals. Industry experts recommend hiring the services of real estate personnel who have advanced commercial real estate educations, i.e. CCIM or SIOR, and who also have extensive experience.

Topics for discussion include:

- Access Factors: whether existing access is suitable or can be made suitable;

- Land Factors: whether the land can support the intended use;

- Regulatory Factors: determine legal and governmental restrictions and/or incentives;

- Building Features: whether an existing facility is suitable or modifiable;

- Management: if a lease facility is being considered, determine the quality of management;

- Other Tenants: determine compatibility of other tenants or adjacent users;

- Economic Factors: assess the costs of improving and operating a leased facility, and/or compare to acquiring and operating a property as an owner/user;

- Alternatives: weigh the different facilities' strengths and weaknesses.

The following leasing rates are quoted as cents per square foot per month, and are net leases with the tenant paying additional funds for common area maintenance, insurance, real property taxes and property management.

In early 1991, at the end of a very strong five-year growth period, typical leasing rates for a 10,000-square-foot to 40,000-square-foot industrial unit were in the mid to upper 30s (cents per square foot per month). During 1991 and 1992, rates slumped to the mid-30s due to the recession. In 1993 and 1994, rates rebounded to the upper 30s and low 40s. Currently, good locations can be found in the low 40s to mid-50s. Larger facilities are available in the mid to upper 30s.

James T. Saint, president of Real Estate 2000 Corporation, is a Certified Commercial Investment Member (CCIM).

Dianne M. Ursick: Steady as she goes at the helm of Sprint/Central Telephone-Nevada

by Kathleen Foley

Dianne M. Ursick, president of Sprint/Central Telephone-Nevada, enjoys solving problems:

"What I like best about my job is conquering challenges, and seeing the employees work their way through difficult situations," she states. "I like to see people succeed." Her latest project has been converting the last of the local telephone company's 14 systems from Centel to Sprint, a process which began with the merger of the two companies in 1993, and was finally completed in February of this year. "We are proud of the way our employees have handled the transition," states Ursick.

An Iowa native, Ursick earned a bachelor's degree in business from the University of Nebraska, and began her career in Centel's accounting department in 1974 in Lincoln, Nebraska. She relocated to the Las Vegas operation in 1976, and by March of 1993, when Sprint merged with Centel Corporation, she had advanced to the position of general manager for regulatory and business planning. Rather than bring in an executive from the Sprint organization, the company chose Ursick to oversee its local telephone operation in southern Nevada.

The new president was allowed to set



Dianne M. Ursick

up a leadership team, which emerged as a "nice mix" of Centel and Sprint employees, according to Ursick. "We looked for the best and most qualified people, and reorganized the structure to be more customer-oriented. My focus has always been on services for our customers, both residential, business and long-distance.

"After all," she points out, "we continue to be your local telephone company, despite our status as part of a company with partners all over the world." Sprint/Central Telephone-Nevada now provides telecommunications services to more than 600,000 access lines. "We have 1,870 employees at last count," states Ursick. "They are a great crew."

Asked whether being a woman has been an obstacle to her career advancement, she replied that both companies (Centel and Sprint) have a philosophy of encouraging their employees to take advantage of opportunities for advancement. "I didn't think too much about it when it happened, but I have since discovered that my appointment as president created a lot of excitement among other women because it proved that opportunities are there," she says. "Maybe it will give other women the belief they can achieve goals they thought were beyond their reach."

During her 19 years in Las Vegas, Ursick has been active in many civic and social organizations. She was appointed to the Nevada Tax Commission in 1992 by Governor Bob Miller. In February 1994, she was named by Miller to a five-member panel to forecast state revenues and tax projections for the 1995-1997 fiscal years. She is a member of the Nevada Society of Certified Public Accountants and past president of the Nevada Telephone Association.

Ursick serves on the boards of United Way of Southern Nevada and the YMCA, and is also chairman of the executive advisory committee for the Local Initiatives Support Corporation (LISC) Foundation in Las Vegas. The local chapter of this nationwide organization was launched in January of this year to support grass-roots efforts to rebuild neighborhoods in depressed areas. LISC provides loans to nonprofit groups to

redevelop and revitalize depressed areas.

Ursick has received recognition for her contributions to the community, including the 1994 Las Vegas Chamber of Commerce Women of Achievement in Business Award.

Dianne Ursick foresees a future full of change and growth for her company, the telecommunications industry and the southern Nevada region. She believes Sprint/Central Telephone has the potential to deliver all the services necessary to take advantage of the information superhighway and the move to multimedia capability. However, she does foresee one possible roadblock on the promised superhighway: "One of the principal challenges for our industry has been dealing with government regulations. Technology is advancing so quickly that regulations rapidly become outdated.

"Experts used to claim technology would experience a complete changeover every 10 years," Ursick points out.

"Now it's down to every two years. We are often held back by [regulatory] restrictions that haven't changed with the times."

"Experts used to claim technology would experience a complete changeover every 10 years," she points out. "Now it's down to every two years. We are often held back by restrictions that haven't changed with the times."

She predicts a continual increase in competition in the next 10 years, both between communication companies and between cities, but she believes that Las Vegas is ideally located to bring in business from the Southwest region and from around the world, because it offers a centralized location and competitive prices.

Hobbies for this busy executive include outdoor activities such as golfing, hiking and snow-skiing. Ursick finds they provide a welcome change from the hectic office environment and are great stress-relievers, besides giving her more of the challenges she loves.

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McCarran International Airport: On the Move



by Robert N. Broadbent, Director, Clark County Department of Aviation

Back in the mid-1980s when I joined the McCarran team, people asked what I would do now that the new terminal and garage were complete. As a 20-year resident of Clark County, I have witnessed the phenomenal growth firsthand, and knew that many challenges still lay ahead of us.

The calendar year 1994 was a terrific year for us; we completed the longest civilian runway in the United States, we upgraded the terminal with more restaurants and shopping, added four new gates to the C Concourse, and opened the Airport Freeway Connector. The connector is currently used by 29,000 vehicles on a busy day; 40 percent of which are crossing town – not even coming in to the airport.

In the last decade, the passenger count has more than doubled from 30,000 to 74,000 passengers a day. That number puts us over the 4 million mark for the year. This count does not include the more than 10,000 employees, as well as the friends and family that join passengers at the airport.

This remarkable growth has made it

important to initiate Phase IV of the airport expansion plan two years ahead of schedule. Ground has been broken on a new parking garage, which will have nine floors – each with six acres of parking – for a total of 6,000 spaces. A new overflow lot featuring 4,200 spaces will eventually replace the remote parking now in place at Russell Road and Kelly Lane.

Currently, construction on the departures roadway is underway, with crews working night and day to complete the project.

The bag claim area will be extended northward to include eight new carousels and more ticketing space will be built. In addition to these interior improvements, we plan to expand runway 1L-19R to a full-carrier runway and lengthen runway 7R-25L to 10,525 feet. These projects are all part of the current \$15.5 million expansion phase.

We now have 65 gates, but due to growth, need more. The answer is the new D Concourse planned for the area east of Terminal 1 where overflow parking is now located. D Concourse

will one day become part of Terminal 3. The overall design is an “X” shape, ultimately capable of accommodating up to 55 gates. Scheduled to open in 1998 with 15 to 28 gates, access to D Concourse will be provided by a train similar to the one now serving C Concourse. The overall project, including the train, will cost close to \$322 million.

These projects are investments in the future of Las Vegas. McCarran is the first and last look of close to 50 percent of all tourists who visit, and it is the first impression for business people coming to invest or relocate. Growth at McCarran reflects an investment in the future of the fastest growing metropolis in the United States. As McCarran International continues its evolution into a major Southwestern distribution center – for foods and services as well as for tourists – we must constantly evaluate whether we are putting enough aside for this important component of our community’s infrastructure.

McCarran is managed by the Clark County Board of Commissioners under the direction of Pat Shalmy, yet we do not operate under the general fund. All revenue generated at the airport stays at the airport, and cannot be diverted to non-airport concerns. This has allowed the airport to keep pace with growth without overburdening local taxpayers.

Indeed, the growth and challenges for McCarran International Airport show no signs of abating. The first two months of this year, passenger counts were up 7 percent, exceeding the expected increase of 5 percent.

Our goal at McCarran is to continue working hard to maintain a high level of customer service and to meet the needs of residents and tourists as we adjust to becoming a community of one million.

Business travelers can look to Uncle Sam for deductions

If your job or business has you sleeping in a different city every night, chances are you incur substantial travel expenses. According to the Nevada Society of CPAs, tax law subsidizes some of your business-related travel costs in the form of a tax deduction. Just be sure you know — and travel — by the rules.

How large a tax deduction you can take for business-related travel depends on whether you are self-employed or an employee. Employees must treat unreimbursed business expenses as miscellaneous itemized deductions, which are deductible only to the extent they exceed 2 percent of adjusted gross income.

Business versus pleasure

Generally, you are eligible to deduct travel expenses if your purpose for traveling is strictly business-related. This doesn't mean you can't take time to meet with friends, but it does mean that a business purpose must be dominant.

Whether you're on an overnight trip or a long-term assignment, the amount you spend for lodging and transportation to and from your business destination is deductible. You can also deduct the cost of getting around at the location; as well as tips, laundry and dry cleaning. In addition, Uncle Sam allows you to deduct 50 percent of your qualified business meals and entertainment expenses.

If the reason for your trip is personal, you cannot deduct the expenses of traveling to and from your locations, even if you conduct business once you arrive. You may, however, deduct any business expenses incurred during the trip.

Mixing business with pleasure

Suppose you fly to Palm Beach for a five-day business meeting, then extend your stay for four days to relax in the sun. The cost of the flight would be deductible, as would your expenses for food

(limited to 50 percent) and lodging during the business part of your trip. However, expenditures made on the personal days cannot be written off.

Foreign travel means different rules

When it comes to foreign travel, a different set of rules apply. Those rules depend on how long you are away. As with domestic travel, your cost, including transportation, lodging and 50 percent of meals, are deductible if the primary purpose of the trip is business. If your business trip is for one week or less, or when the time spent for personal reasons is 25 percent or less of the total time away from home, your travel expense is considered to be entirely for business.

When spouses go along

The rules governing the travel expenses of spouses on business trips were made more stringent by a 1993 tax law change. Congress no longer allows deductions for spousal travel unless your spouse is an employee of your business and has a bona fide business reason for accompanying you on the trip.

Convention costs

If you want to deduct the costs of attending a convention, be sure you can show your attendance is of benefit to your job or business. If the convention is overseas, you must prove the convention is directly related to your business. ♦

Prepared by members of the Nevada Society of Certified Public Accountants.

Nevada Power offers ways to manage energy costs

Whether you rent or own a business location, energy management can boost your bottom line, and investing in energy efficiency improvements can yield excellent returns in the forms of energy dollar savings.

Services for Existing Buildings

Your lighting should be the first place you look for potential energy savings.

Changes are often easy to make and many of these changes cost little to nothing to accomplish. Getting the most from your lighting dollar often involves turning off lights that are not needed, reducing light levels where you have more light than you need, and installing more efficient lighting or controls.

A Nevada Power Company representative can perform a free commercial lighting survey to evaluate your lighting system and make recommendations to help your business save energy.

Heating, ventilating and air conditioning (HVAC) may be the biggest user of energy in your building. Fortunately, it's possible to save 30 percent or more on your HVAC energy bills. To trim those bills, turn off systems in areas not in use, run HVAC systems less by using more efficient temperature settings, and make your systems more efficient with some assistance from a qualified professional.

A Nevada Power Company representative can perform a free commercial energy survey to evaluate your building and equipment and to make recommen-

dations to help you save money. You may even qualify for a rebate from Nevada Power for retrofitting your building with energy saving electrical equipment, air conditioners, solar screens and lighting systems.

Services for New Buildings

If you are constructing a new commercial building and are making a fresh start, it will pay you to work with Nevada Power Company. We will review construction specifications, orientation, design, layout, lighting, cooling equipment and control selections. By designing and selecting wisely, at little or no extra cost you may be able to keep future HVAC energy bills 20 percent to 30 percent lower than they would have been.

Especially in the area of lighting, you have the opportunity to maximize energy efficiency and keep your future energy costs down as much as 50 percent. A new commercial construction customer may qualify for energy efficient lighting incentives from Nevada Power. The cash incentives are available to commercial customers building a new facility and apply to interior lighting only. Incentives are paid upon completion and verification of the installed system up to a cap of \$20,000 per customer.

For additional information and assistance, call the Nevada Power Commercial Energy Conservation Consultants at 367-5111 or the Las Vegas District at 367-5225.

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People on the Move

Carlos E. Montoya, Jr. has joined the staff of BankWest of Nevada as operations officer. Montoya, who has 10 years' banking experience, will oversee BankWest's daily operations and assist in employee training, testing and evaluation, and customer service functions.



Larry White

Larry White, APR, a 27-year veteran in media, advertising, marketing and public relations, was promoted to vice president of Joyce Advertising and Public Relations. He will continue to supervise accounts while playing a major role in management and personnel decisions.

White, a Kansas City native, is a public relations instructor at UNLV, an accredited member of the Public Relations Society of America and a member of the PRSA Counselors Academy.

Lori L. Andersen has accepted a position as director of business development with American Companies, Inc., a local design and building general contractor. Andersen's responsibilities include marketing, public relations and advertising.

Andersen is active with numerous civic and non-profit organizations and is currently participating in the Leadership Las Vegas program sponsored by the Las Vegas Chamber of Commerce.



Sharon Rorman

The Desert Sands Chapter of the Public Relations Society of America announced that Sharon Rorman, administrator of communication for Southwest Gas Corporation, has received the Accredited Public Relations (APR) designation. She previously earned the Accredited Business Communicator (ABC) title from the International Association of Business Communicators. Earlier this year, Rorman was named "Business Communicator of the Year" by IABC/Las Vegas. 🍀

Nevada Briefs

Sales Activity Strong at Green Valley Ranch

Green Valley Ranch, a 1,310-acre mixed-use community located at the southern tip of the Green Valley master plan, has received commitments from home builders on Phase I and Phase II parcels offering detached and attached single-family homes. Priced from the low \$100,000s, sales have been swift as new models continue to come on line.

More than 200 palm trees line the entryway into Green Valley Ranch, creating a dramatic first impression. A new community information center recently opened to familiarize visitors with the overall design of Green Valley Ranch.

American Nevada Corporation, in its 23rd year, also plans to focus upon other development opportunities in Nevada, Arizona and California. The company is a division of Greenspun, Inc., which owns and publishes the *Las Vegas Sun*, Prime Cable and Hospitality Network.

More international visitors choosing Las Vegas

According to a national survey, more overseas visitors than ever are turning their vacation daydreams into Las Vegas visits, spending more money here than in other U.S. cities. Researchers predict that the trend will continue, despite the lack of scheduled direct flights from Las Vegas to international cities.

An ongoing United States Travel and Tourism Administration (USTTA) study says Las Vegas, the seventh most popu-



Do you know this face?

El Rancho Vegas Hotel, 1942. Longtime Las Vegas musician, Garwood Van, is in the lighter suit at right. Do you know the gentleman pictured at left? This photo is from Nevada State Museum's vast collection of photographs of unidentified people and events. If you recognize this individual, call the NBJ at (702) 735-7003.

lar international destination; ahead of Washington, D.C., Chicago and Boston, attracted 1.4 million, or 7.5 percent of America's 19 million overseas visitors in 1993. Fifty-nine percent passed through Los Angeles and San Francisco gateways where, the USTTA study shows, visitor volumes declined, and they're spending about \$300 more per person in Las Vegas than any other city (\$1,657), according to the survey.

CIC Research, Inc., a San Diego firm contracted by McCarran International Airport, is predicting Las Vegas will have increased its 1994 overseas visitor share to 1.7 million, or 8.6 percent of the 19.9 million visitors to the U.S.

"We are forecasting 1.95 million overseas visitors this year, and predict 2.3 million by 1997, a nine percent annual

increase," said Clare O'Brien, marketing manager, Clark County Department of Aviation, based on the USTTA's ongoing *Survey of International Travel*.

Las Vegas' growing popularity as a global destination, with 39 percent of travelers from Europe, recently prompted weekly flights from Germany and the United Kingdom. These charters could become scheduled service, said Robert N. Broadbent, director of the Clark County Department of Aviation.

"Las Vegas is becoming an international hub to the American Southwest," said Broadbent. "Adjoining states are benefiting too, since overseas visitors spend up to two weeks in America."

One in five international visitors comes from Taiwan; one in six from Hong Kong and South Korea.

O'Brien said Asia is a promising market, but hinges on direct flights. Japanese visitors are the largest segment visiting America, but take shorter vacations, so nearly half go to Hawaii, said O'Brien. Direct air service could "help provide a resort vacation experience" in Las Vegas.

Perspective offers overview of southern Nevada

The 1995 *Las Vegas Perspective* presentation is scheduled for May 24 at the convention center of the Stardust Hotel and Casino. The 80-page *Perspective* and companion video, which features complete, up-to-date demographics and information on southern Nevada, will be unveiled at the presentation.

Themed "The Magic of Southern Nevada", the 1995 *Las Vegas Perspective* will include a number of elements not previously covered. In addition to statistics, the book also provides an overview of southern Nevada's lifestyle, business, retail and tourism industries.

Primary data in *The Perspective* is the result of a community-wide survey conducted by the Center for Business and Economic Research at the University of Nevada, Las Vegas. Secondary data was provided by numerous state and local government entities, national surveys and various local businesses and organizations. In its 15th year, the *Perspective* is used for new business recruitment and as a resource for existing businesses.

The presentation, book and video is produced by Metropolitan Research Association, a non-profit group sponsored by First Interstate Bank, the *Las Vegas Review-Journal* and Nevada Development Authority (NDA).

The event is open to the public at no cost. Books and videos will be offered at the event for \$20 and \$15 respectively. No-host cocktails will be served at 3:30 p.m., followed by the presentation at 4:00 p.m. Those planning to attend should contact the NDA at 791-0000.

Runway expansion underway at McCarran

Kennedy/Jenks Consultants was awarded the design contract for the \$75 million new commercial service runway at McCarran International Airport. The runway, 150 feet wide by 10,000 feet in length, will accommodate Group IV aircraft, which includes the DC-10.

The project will include two parallel taxiways, four high-speed taxiway exits from the runway, and six cross taxiways. The runway will supplement the existing north/south runway.

Other changes include the demolition of the Hughes Terminal facility, which was the previous main terminal, and several other buildings and hangars currently in the pathway of the new runway.

Designs should be finished in November of 1995 with construction scheduled for completion in 1997. Other companies assisting are G.C. Wallace, surveying, mapping and utility coordination; P.L. Knott, grading and drainage; Dinter Engineering, Reno, lighting; Kleinfelder, geotechnical services; and PCI, Seattle, Wash., pavement design.

Head golf pro joins Lake Las Vegas

John Herndon has joined Lake Las Vegas as the head golf professional for the SouthShore Golf Club. He is responsible for teaching, merchandising and member tournament operations for southern Nevada's only Jack Nicklaus signature course. The private course will open for member play on the back nine in May, with the complete course expected to be ready by late summer.

Herndon, a member of the PGA for the past seven years, competes in local and sectional PGA tournaments. Previously, he was manager of the Gary Player course at The Westin Mission Hill Resort in Rancho Mirage, Calif.

Lake Las Vegas, Nevada's largest, privately-owned, man-made lake, is 6.5 miles east on Lake Mead Drive from Interstate 515. SouthShore is the first residential offering of the \$3.8 billion, master-planned community. Custom home sites begin at \$185,000 and feature spectacular city, mountain, lake and golf course views.

Transcontinental Corporation of Santa Barbara, Calif., in partnership with the Bass family interests of Fort Worth, Texas, is developing Lake Las Vegas.

Sierra Health Services reports record growth

Net income for Sierra Health Services for the last quarter of 1994 was up 26 percent from the same period of the year before and net earnings showed a 10 percent increase. Net income for the year showed a similar increase: \$22,204,000 in 1994, up from \$17,443,000 for 1993, a 27 percent increase. Earnings per share at the end of December 1994 were \$1.71 compared to \$1.42 one year before, up 10 percent. Revenues totaled \$295.8 million compared to \$258.1 million, an increase of 15 percent.

During 1994, the company enrolled 78,868 into a new managed care worker's compensation program. As of December 31, 1994, membership in the company's fully insured products stood at 150,888 compared to 134,308 at year-end 1993. There were 65,454 members of the firm's administrative services product compared to 58,433 in 1993.

"Nineteen ninety-four was a record year for the company in terms of profitability," said Anthony M. Marlon, M.D., chairman and chief executive officer for Sierra Health Services. Marlon believes the results are a direct reflection of efforts to manage costs, increase membership and streamline operations. Sierra Health Services, Inc., has eight subsidiaries which provide or arrange for the provision of health care services.



Sprint awards ceremonial one millionth customer

Robert Piper of Las Vegas (at right), a State Farm Insurance agent, is pictured with Sprint Cellular Las Vegas General Manager John Koch. Piper and 33 other customers across the nation, were chosen

to celebrate Sprint Cellular's One Millionth Customer. Each was awarded a free Micro TAC Lite flip phone, one month of free air time and a commemorative crystal paperweight.

Addys go to R&R, Hands Ink and Thomas Puckett

The 16th annual Las Vegas Addy Awards, sponsored by the Las Vegas Ad Club, an affiliate of the American Advertising Federation, were held recently at the Rio Suite Hotel and Casino. The awards recognized the best creative advertising generated by industry professionals of the Las Vegas community.

Las Vegas-based R&R, Nevada's largest full-service marketing agency, won eight Addys plus two certificates of merit. R&R is part R&R/PBN – an affiliation of R&R Advertising and The PBN Co.

The agency's trophies were for specialty advertising, 60-second radio, print campaign, political campaign, art graphics, public service, newspaper and newspaper campaign. R&R clients represented by the awards included the Las Vegas Convention and Visitors Authority, the Nevada Commission on Tourism, the Coalition for Jobs and Health Care, United Way of Southern Nevada and Sunrise Children's Hospital.

"While we work for our clients," said Billy Vassiliadis, president of R&R Advertising, "we are pleased to be recognized by our peers for our hard work."

Hands Ink, Inc., established in 1984 by Rick and Peggy Smith, won seven Addys and five Awards of Excellence.

"We feel fortunate to be a part of the growing Las Vegas advertising market," said Rick Smith. "With more than 600 entries submitted this year, we are extremely proud of our accomplishments."

Addy awards presented to Hands Ink include: Attitude Fine Women's Apparel (Letterhead/Image Packaging and Outdoor Signage), Rio Suite Hotel and Casino (Television), Primm Investment Company (New York New York Logo), Opportunity Village (Public Service Collateral Material and Public Service Campaign), and Down's Syndrome of Southern Nevada (Festival of Trees and Lights – Advertising Photography).

Thomas Puckett Advertising, Marketing and Public Relations, competed for the first time in the 1995 Addy Awards, and came away with the trophy for Best Self-Promotion campaign.

Perini diversifying to keep pace with growth

It has been two decades since Perini plunged its first shovel into Nevada's soil. Since that time, the company has emerged as a forerunner in Nevada's construction industry. One of the main ingredients to Perini's success has been the company's ability to diversify.

In Nevada, Perini has remained diversified, constructing large-scale projects such as McCarran International Airport's new terminal, the Thomas & Mack Center and Southwest Gas Center. Perini, one of the nation's largest contractors in the gaming and hospitality industry, has built such projects as the Luxor Hotel/Casino, Grand Slam Canyon Theme Park, the Tropicana Resort tower addition and the Flamingo Hilton Hotel & Casino.

To further the company's competitive edge, Perini is currently in the process of initiating a special projects group which will concentrate on construction projects ranging from \$2 million up to \$20 million. Perini has targeted this expanding market segment to serve Nevada's growing population. With the company's strong ties in the community, coupled with the expertise of its personnel, Perini expects this new venture to enhance the firm's diverse portfolio of experience.

Projects currently under construction include the Showboat Casino renovations, the Polo Towers phase two, the Clark County Government Center nearing completion downtown and building nine at The Hughes Center. Recently completed projects include the Hard Rock Hotel & Casino and Don Laughlin's Riverside Resort Hotel addition in Laughlin.

Perini Building Company Inc., Western U.S. division, has offices in Las Vegas, Phoenix, Los Angeles and San Francisco. The division is a member of the 100-year-old Perini Corporation, a multinational construction and construction-management firm listed on the American Stock Exchange.



by Joe Mullich

At the CEO Replacement Tryouts

AFTERWARDS in the locker room, one guy was angrily stuffing his pinstripes into a briefcase. "That wasn't fair! I didn't even get a chance to beat down a loudmouthed stockholder at an annual meeting. That's my real strength ..."

I decided to go for it. I wanted to become a replacement chief executive officer.

It wasn't an easy decision. I would have preferred, of course, to climb to the top of the corporate ladder on my own merit; screwing my rivals with time-honored power plays. But when the CEOs went out on strike — who could pass up the opportunity? The CEOs were shocked when their "owners" — the Association of Pension and Mutual Fund Managers — instituted an executive salary cap. Disney's CEO Mike Eisner led the walkout, insisting he couldn't get by on one penny less than his current \$200 million salary.

Some had considered the CEO Replacement Tryouts a farce. As I arrived at the tryout camp, held at the Wharton School of Business, I heard General Electric CEO Jack Welch, who was on the picket line, jeer.

"You scabs won't even make it through the first quarterly statement," he said. "You are being used and you don't even know it."

A writer from *Fortune Magazine* tried to trip me up, grilling me about what acronyms like "MBO" mean. I knew it was "management by objectives", but it was insulting to be asked since he was implying we didn't even deserve the chance to become big-league CEOs.

"I'm not here for glory, ego

or money," I told him. "I'm here for the love of fiduciary responsibility." I could tell the answer disappointed him. Those media types are only looking for controversy.

Of course, the most attention was focused on William Agee. He was one of the few actual former-CEOs who had come to the tryouts.

"Right. The guy flopped at Bendix and Morrison-Knudsen and suddenly he's CEO material again," someone sneered.

Questioned by reporters, Agee replied: "I don't owe the CEO Union anything. I sat around as a consultant for years and not one of them threw me a bone."

The directors from Fortune 500 companies who were evaluating the CEO prospects, seemed none too happy with the whole situation. Of course not. They didn't want to be at the tryouts. They'd all gone to Stanford, Northwestern and Harvard Business School, just like the CEOs on strike. That's who they identified with. They didn't think much of our MBA degrees from lowly state universities.

In the first leg of the tryouts, we were judged on managing a staff meeting. It didn't go well; after 45 minutes, I'd already called a break and twice asked everyone in attendance to share their views.

One of the directors looked at her stop watch and shook her head. "That meeting wasn't

even long enough for anyone's legs to go numb," she said. "After 45 minutes, you should still be explaining the meeting agenda and introducing irrelevant topics." Fortunately, I did better on the telephone-tag drill; seeming to attempt to return every call without actually talking to anyone.

Afterwards in the locker room, one guy was angrily stuffing his pinstripes into a briefcase. He'd been told to clear out. "That wasn't fair — they only rated me on how many people I could copy on memos extolling my own accomplishments," he said. "I didn't get a chance to beat down a loudmouthed stockholder at an annual meeting. That's my real strength and I didn't even get a chance."

I patted the guy on the back, but he didn't have a clue. He was wearing an off-the-rack polyester suit. He was gone before he even arrived. Put him on the cover of *Forbes* in that suit and watch his company's stock drop a point and a quarter.

In the steam room, the attendant handed all the CEO prospects, who had made the first cut, a towel and \$800,000 in stock options. Perhaps we won't make it past the first quarter. Perhaps when the real CEOs settle, we'll return to the purgatory of vice-presidentdom. But for now, I'm in my leather wing-tips and power tie, chasing the dream. 🍄



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business indicators & analysis

Regional, national, and international events greatly affect conditions in Nevada. For example, small economies can be buffeted with turbulent consequences from a nearly inconsequential change in a larger economy. Canadians often use an expression that captures the essence of this effect: "When the U.S. economy sneezes, the Canadian economy catches a cold."

Recent events suggest even large economies can face rough going when small economies incur an adverse turn in economic fortunes. When the value of the Mexican peso dropped dramatically because of economic troubles, money managers took this as a signal of possible future economic travail for the nation. Facing possible adverse economic and social spillovers, the U.S. put together a rescue package. It remains uncertain whether this package will stem the flow of international currency runs.

Further compounding the instability, the prestigious London-based Barings Bank collapsed on highly speculative Japanese investments made by an over-zealous currency manager. As a result, managers of large sums of highly liquid resources stepped up their efforts to find a safe haven.

In the midst of what seemed to be an eroding international financial situation, the dollar quickly lost its appeal as a secure store of value. Consequently, the value of the dollar dropped, while the value of the German mark and the Japanese yen rose.

These international events will have two possible effects on the Nevada economy. One is likely to be contractive and the other expansionary.

Should the U.S. push interest rates up further to defend the dollar, as suggested by Federal Reserve (Fed) Chairman Greenspan, Nevada's interest-sensitive sectors could face increased hardship. Construction and housing would, no doubt, be the most affected.

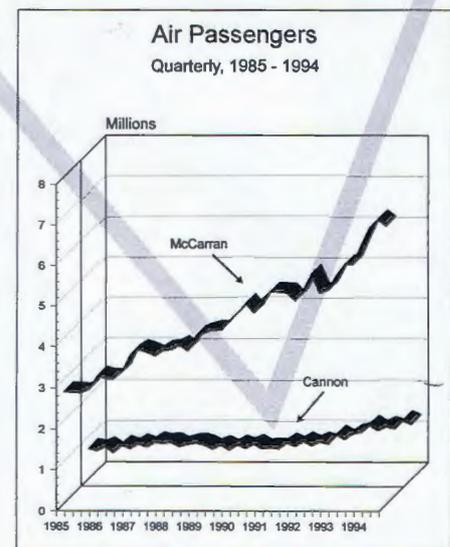
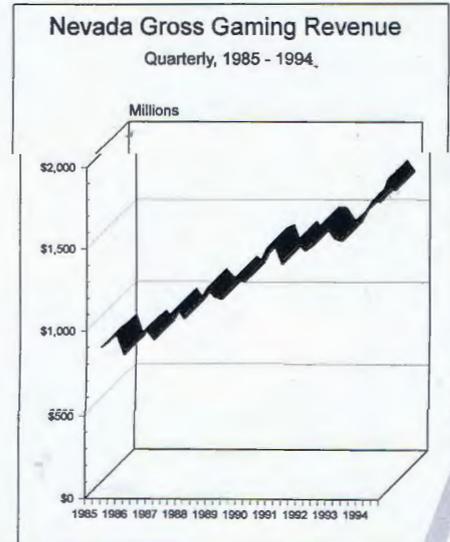
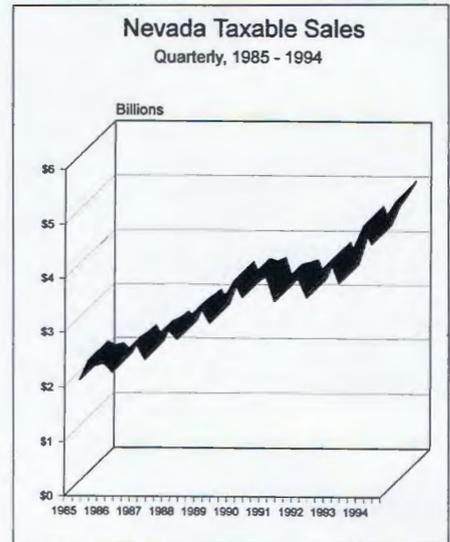
On the other hand, a decline in the value of the dollar lowers the price of U.S. products to foreign customers. A Nevada vacation is now more affordable to visitors from countries for which currencies have increased in value. Should conditions hold, visitor volume, gaming revenue and sales tax collections would track even higher than current projections.

Other national indicators remain positive. The U.S. unemployment rate remains in the 5 percent range; 5.7 percent for January, on a seasonally adjusted basis, with no perceptible signs of increase in the short run. Nationally, retail sales show continued strength, up from last year by more than 6 percent for December, reflecting general economic strength. Furthermore, the automobile and housing sectors, traditionally sensitive to interest rate movements, have maintained some strength despite the vigorous inflation-fighting policies of the Fed. Interest rates, which have been pushed upward for over a year, remain poised for directing the economy toward a soft landing as the expansion matures.

In Nevada, a wide range of robust indicators, reported for the end of 1994, show the state's economy still growing vigorously. Growth is reflected in visitor activity and in air travel which both show double-digit growth rates: 12.86 percent for Reno and 16.31 percent for Las Vegas.

The state's outlook for 1995 remains bright. Gaming shows no signs of letting up in the near term. Construction activity, although tempered by the higher cost of borrowing, retains much of its past vigor. To be sure, this sector should be less robust than in the recent past, but better than some might have expected. Nevertheless, Nevada's indicators in the months ahead will surely drop in concert with a slower growing national economy.

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



	DATE	UNITS	LATEST PERIOD	PREVIOUS PERIOD	YEAR AGO	CHANGE YR AGO
UNEMPLOYMENT						
Nevada	January, 1995	%	6.3	5.7	7.2	-12.50%
Las Vegas	January, 1995	%	6.1	5.8	7.1	-14.08%
Reno	January, 1995	%	6.5	5.5	7.0	-7.14%
U.S.	January, 1995	seasonally adj.	5.7	5.4	6.7	-14.93%
RETAIL ACTIVITY						
Nevada Taxable Sales	December, 1994	\$ thousand	1,947,631	1,644,349	1,785,715	9.07%
Clark County	December, 1994	\$ thousand	1,171,978	1,024,253	1,045,696	12.08%
Washoe County	December, 1994	\$ thousand	349,110	272,582	320,969	8.77%
U.S. Retail Sales	December, 1994	\$ million	191,923	192,082	180,871	6.11%
GROSS GAMING REVENUE						
Nevada	December, 1994	\$ thousand	601,033	544,079	536,019	12.13%
Clark County	December, 1994	\$ thousand	468,250	437,726	433,231	8.08%
Washoe County	December, 1994	\$ thousand	66,448	65,667	62,745	5.90%
CONSTRUCTION ACTIVITY						
Las Vegas Area						
New Residences	4th qtr 1994	# permits	4,185	4,953	3,745	11.75%
New Commercial Permits	4th qtr 1994	# permits	191	169	138	38.41%
Reno Area						
New Residences	2nd Half 1993	# permits	1,469	962	684	114.77%
New Commercial Permits	2nd Half 1993	# permits	53	40	40	32.50%
U.S.						
Housing Starts	December, 1994	thousand	1,529	1,545	1,612	-5.15%
Total Construction	December, 1994	\$ billion	530.0	524.4	499.9	6.02%
HOUSING SALES						
Las Vegas Area						
Average Sales Price ⁽¹⁾	4th qtr 1994	\$	128,757	120,475	135,755	-5.15%
Average Cost/Square Foot	4th qtr 1994	\$ per sq. ft.	77.38	75.79	73.73	4.95%
Average Mortgage Rate ⁽²⁾	4th qtr 1994	%	8.2	8.57	7.27	12.79%
Washoe County						
Average Sales Price ⁽¹⁾	2nd Half 1993	\$	170,325	157,825	151,403	12.50%
Average Cost/Square Foot	2nd Half 1993	\$ per sq. ft.	96.88	92.42	90.18	7.43%
Average Mortgage Rate ⁽²⁾	2nd Half 1993	%	7.20	7.70	8.30	-13.25%
U.S. Home Sales	December, 1994	thousand	637	641	817	-22.03%
TRANSPORTATION						
Total Passengers ⁽³⁾						
McCarran Airport, LV	4th qtr 1994	passengers	6,809,896	6,956,897	5,854,948	16.31%
Cannon Airport, Reno	4th qtr 1994	passengers	1,350,585	1,445,209	1,196,677	12.86%
State Taxable Gasoline Sales	December, 1994	thousand gal.	61,654	59,084	59,171	4.20%
POPULATION ESTIMATES						
Nevada	July, 1994	people	1,494,230		1,398,760	6.83%
Clark County	July, 1994	people	971,680		898,020	8.20%
Washoe County	July, 1994	people	282,630		271,770	4.00%
NATIONAL ECONOMY						
National Economy						
Consumer Price Index ⁽⁴⁾	January, 1995	1982-84=100	150.3	149.7	146.2	2.80%
Money Supply - M1	December, 1994	\$ billion	1,147.8	1,147.5	1128.6	1.70%
Prime Rate	January, 1995	%	8.50	8.50	6.00	41.67%
Three-Month U.S. T-Bill	January, 1995	%	5.81	5.64	3.02	92.38%
Gross National Product	4th qtr 1994	\$ billion	6,891.1	6,791.7	6,478.1	6.38%

NOTES: (1) houses, condos, townhouses; (2) 30 yr. FHA; (3) enplaned/deplaned passengers; (4) all urban consumers
SOURCES: Nevada Dept. of Taxation; Nevada Employment Security Dept.; UNLV, Center for Business and Economic Research;
UNR, Bureau of Business and Economic Research; US Dept. of Commerce; US Federal Reserve.
COMPILED BY: UNLV, Center for Business and Economic Research

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Often, your bottom line can be found in the bottom of the plane where a fuller tummy can mean the difference between profit or loss.

As more and more companies make Las Vegas their home, McCarran International Airport is meeting the demand for increased cargo capacity. Plus, excellent weather and close proximity to all West Coast markets make us a convenient hub to a growing global marketplace.

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