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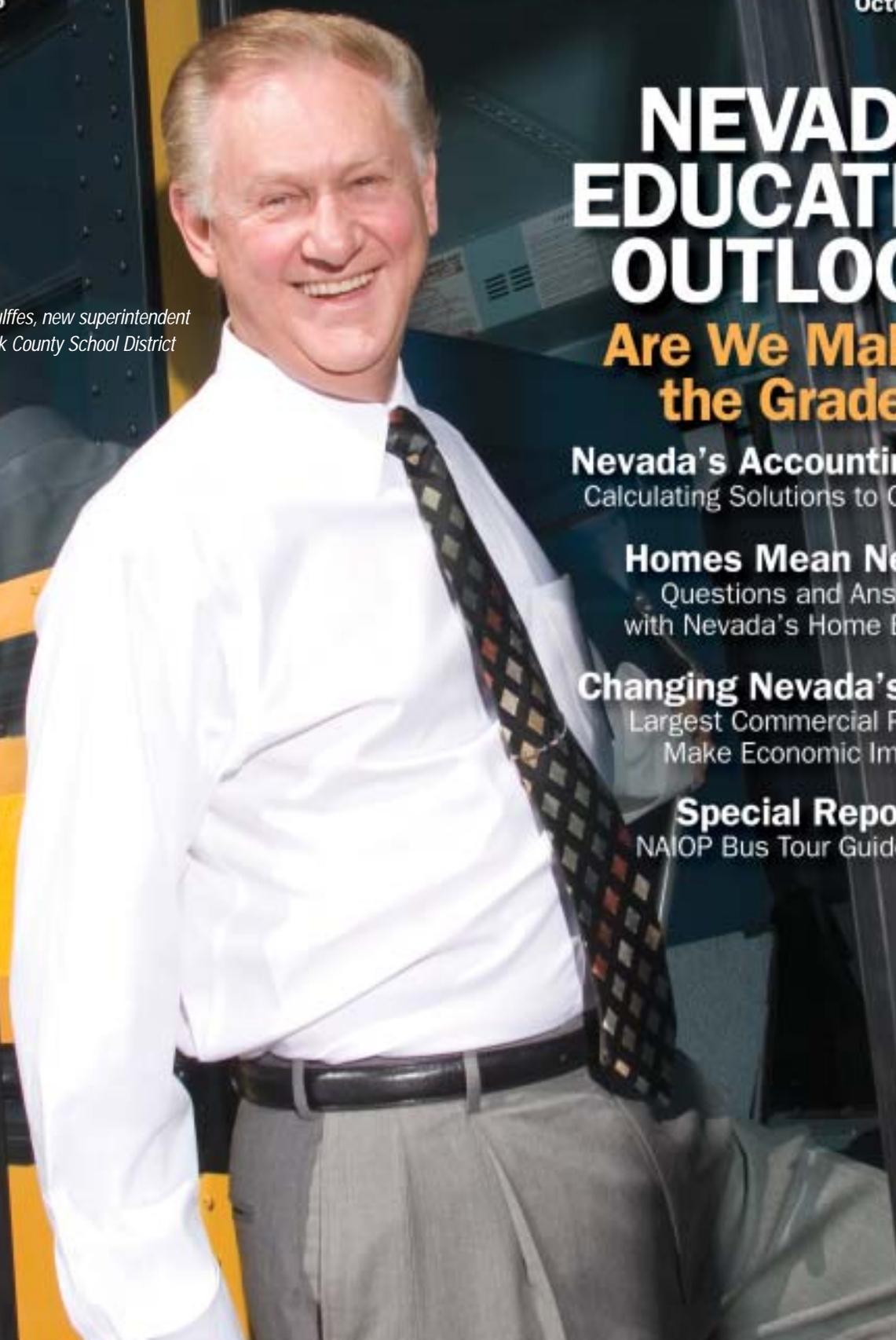
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COMMENTARY



LYLE E. BRENNAN
Publisher



Want Your Voice to Be Heard? Get Rid of Activist Judges

The Nevada Supreme Court has been in the news again recently, with its decisions regarding two ballot initiatives that were supposed to go before the voters on the November ballot. The justices ruled that sections of Question 2, The Peoples' Initiative to Stop Taking of Our Land (PISTOL) had to be removed. It's now doubtful whether the shortened version of Question 2 will make it to the ballot. They then threw out Question 3, Tax and Spending Control for Nevada (TASC), in its entirety, depriving voters of their chance to vote on reining in government spending. Maybe it's a coincidence that both these measures would have given more power to private citizens and less power to government officials. However, I'm not much of a believer in coincidences.

On the other hand, the justices didn't throw out Questions 1, 6 or 7. Question 1 would require the Legislature to approve spending for public schools before any other part of the state budget. Ask any liberal politician: it's all about "the children." Question 6, a measure sponsored by the AFL-CIO, aims not only to increase the minimum wage, but also to ensure that it increases every year. Economists have noted that this would hurt the very people it's intended to help, as it would mean fewer jobs for entry-level workers. In addition, it would hurt the small business people who hire them. The justices haven't touched Question 7, which would change state law and legalize the possession of 1 ounce or less of mar-

ijuana. So, maybe it wasn't much of a coincidence that the only ballot questions attacked were the ones opposed by liberals and unions.

The situation isn't unique to Nevada. Activist liberal judges have been imposing their beliefs on citizens throughout the U.S. The Ninth Circuit Court of Appeals, which unfortunately rules over our region, has a reputation for issuing outrageous judgments. A good example is the court's decision agreeing with an atheist parent who felt the daily recitation of the Pledge of Allegiance in his daughter's school violated her First Amendment rights because the Pledge contains the words "under God."

We can't do much about the Ninth Circuit because its appointed judges (16 out of the 24 were appointed by

Democrat presidents) serve for life. However, Nevada Supreme Court justices must stand for re-election, which does give Nevada voters an opportunity to effect change.

Three Supreme Court seats are on the November ballot: Seat C is currently occupied by Retiring Chief Justice Robert Rose. District Judge Michael Cherry is running unopposed to fill that vacancy.

Justice Michael Douglas was appointed in April 2004 after the death of Justice Myron Leavitt to fill his unexpired term. He is now up for election in Seat F, facing Cynthia "Dianne" Steel, who is currently serving as a district judge. Justice Douglas can't be blamed for the 2003 Supreme Court ruling allowing the Legislature to pass a tax hike

Continued on Page 8



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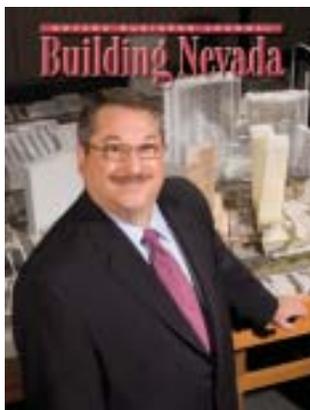
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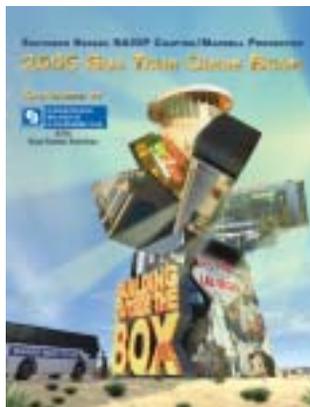
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These four senior executives were chosen by their peers as this year's Most Respected CEOs. Find out what makes them tick and get their viewpoints on management in our cover story.



Harvey Whittemore is developing a town-sized master plan called Coyote Springs, one of the many bedroom communities blossoming all over Nevada.



The Nevada Development Authority celebrates its 50th anniversary with this Special Report on the organization and its accomplishments.

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without a two-thirds majority vote. Luckily for him, he was still serving in District Court when that disaster occurred. However, just this month he wrote the majority opinion that gutted the PISTOL initiative.

Justice Nancy Becker, the incumbent in Seat G, is the first of the justices involved in the 2003 legislative fiasco to run for re-election. Although she made it through the primary, she faces a tough race in the general election because voters remember her part in the Supreme Court's decision to set aside the Constitution so the state government could spend money over the objections of its elected representatives. I'm sure she doesn't see herself as an "activist judge." In answering questions posed by the Reno Gazette Journal, she said, "We need experienced, honest jurists who are not afraid to make tough calls." Yes, we do, but maybe some calls are "tough" because they involve bending the rules to promote a particular ideology.

Bob Beers, one of the principal supporters of the TASC measure, insists his group will bring it up again at the next opportunity. I hope they do, and maybe they will learn a lesson from this experience and make sure they don't get tripped up by the courts and their liberal supporters next time.

Nevada voters can do their part, as well. Although voters have lost their chance to speak out on TASC, and possibly on PISTOL, they do still have an opportunity to be heard on November 7th. They can vote against the incumbent Supreme Court justices who played a part in silencing them. 🌻

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BUSINESS UP FRONT

Tips for Running a Successful Business

Kim Flowers, a Las Vegas resident who is the first African American woman to run a John Robert Powers franchise, shares these tips for running a successful business:

1. **Divine Vision:** Be very clear about your vision. Without it your team will lack direction.
2. **Dream Big:** Dreams and passion are the engine. Inspire your team to dream big.
3. **Be the Eternal Optimist:** Optimists have an unrealistic expectation of success. As a result, they're willing to try far more things without becoming discouraged.
4. **Develop a Business Plan and Let it Drive Your Team's Activities:** Keep it simple to get your point across. Rein in your prose, keep it short, use business charts, and polish the overall look and feel.
5. **Trust Your Instincts:** Make the best decisions you can with the information you currently possess.
6. **Maintain or Upgrade Your Accounting Systems:** Lack of financial controls is the No. 1 reason small businesses fail.
7. **Hold Regular Meetings with Your Sales Staff:** Meet regularly with sales staff to review lead quality, win/loss records and customer relations.
8. **Measure Everything You Do:** Pursue SMART goals (Specific, Measurable, Achievable, Result-Oriented and Time-Framed).
9. **Excite Your Sales Staff About Each Lead:** The more information you have about a prospect, the more excited your salespeople will be about the lead.

10. **Be Passionate about Self-Improvement:** Create and promote an environment that engenders the continuous pursuit of excellence in the individual and in the organization.

11. **Celebrate Your Victories, Big and Small:** Acknowledge a job well done, give your team well-deserved relief from hard work, and check off milestones towards your organization's ultimate goal.

Strong Leadership Combats Slacker Syndrome

A negative attitude, stirs up trouble, blames others, lacks initiative and is incompetent" – these are all traits of the classic slacker. According to Rich Fredricksen, principal of the consulting firm Paiva-Fredricksen Group, "Strong leaders with a focus on execution will identify – and either engage or eliminate – low performers and the slacker syndrome they permeate."

Slackers alone are bad enough – 23 million "actively disengaged" workers cost the national economy \$370 billion a year in lost productivity, according to Gallup – but their effect on good employees is just as damaging. A recent Leadership IQ study showed 93 percent of employees felt that working with low performers decreased their productivity, with 87 percent of those wanting to change jobs.

"If low performers are allowed to dictate a company culture, productivity, quality, and service are certain to deteriorate," said Fredricksen's. Keys to combating slacker syndrome include:

- Set the Example – values, attitude and climate of integrity
- Measure – metrics drive performance
- Develop Leaders – support, chal-

lenge, trust and teach

- Communicate – listen and select best communications medium
- Simplify – focus on critical issues
- Create Ownership – participation in planning, understanding why
- Provide Clarity – clear vision, instruction and goals
- Reward Success – acknowledge positives

Small Business Confidence Continues to Slide

Confidence among small businesses in the United States has decreased sharply as the economic cycle moved past the halfway mark for 2006, according to a new study from the Internal Profit Associates Small Business Research Board (IPA SBRB). The IPA Small Business Confidence Index (IPA SBCI), which measures expectations about revenue growth, the general economy and hiring for the next 12 months, currently stands at 39.9, declining nearly 20 percent from 47.3 in April 2006 and from 52 at the beginning of the year. By comparison, the IPA SBCI stood at 55 at the beginning of 2005.

Only 46 percent of small businesses in the current survey believe their revenue will increase during the next year. This compares to 59 percent in April and 67 percent at the beginning of 2006. Confidence in hiring has also declined. Thirty percent of owners plan to increase hiring during the next 12 months, compared with 39 percent in April and 40 percent in January.

Faith in the general economy for the coming 12 months is wavering, with 42 percent of small business owners and managers saying the general economy will be better, compared to 44 percent in April and 49 percent at the beginning of the year. 

FACE TO FACE



Jaimee Yoshizawa

President
Pacific Concepts
Las Vegas

Years in Nevada: 9

Years with Firm: 9

Type of business

Real estate development, brokerage, property management, civil engineering

Biggest business challenge

Developing a project in general is a challenge. It takes years because the elements involved are constantly changing, which is also why I love it. Because nothing is set in stone, it is inevitable that just when I think I have something set and understood, a component changes. And because the parameters are moving targets, it is a challenge finding cohesiveness in the different elements and fitting them together like puzzle pieces, which is ultimately the formula for a successful project.

What do you like best about your job?

As a developer, my mind is constantly on my projects, from start to finish. I love coordinating different elements so they come together seamlessly. Every day is about solving various problems that arise. And,

when everything is finally resolved, the end product is something I am proud to say I developed.

How do you spend your time when you're not working?

On Friday nights, I bartend for fun at one of my developments, The Cauldron Tavern. I also take a kickboxing class twice a week. They are both great ways to relieve stress.

What would you like your legacy to be?

I would like to be remembered for creating visually stimulating developments and completing them in a moral and upright manner, by doing what's right with perseverance and passion.

Best Business Advice

Always do what is right, and do it with passion. When left with two choices, choose the high road – it may not always be the easiest way, but it is always worth it in the end.



Roy Burson, AIA

Architect
JVC Architects
Las Vegas

Years in Nevada: 40

Years with Firm: 12

Type of business

Architecture firm

Biggest Business Challenge:

Building our firm in a self-contained manner, without riding the coattails of other companies during the recent real estate boom. We are conscious and deliberate about controlling our company's growth to ensure we are able to continue giving our clients high-quality, personalized service and take care of our team members as well.

What do you like best about your job?

The creativity. Every project is unique because every client's vision is different. I enjoy designing projects that fulfill the vari-

ous goals of each client and troubleshooting the challenges that may arise with any number of variables. It is extremely rewarding when I am able to use my creativity to come up with a design that turns a client's vision into reality and see my design go from blueprint to finished project.

How do you spend your time when you're not working?

That I helped my wife and sons smile and laugh.

Favorite Business Book:

Architecture in Details, by Carlo Scarpa

Best Business Advice:

Keep integrity and honesty in the business. Always keep learning and trying to do the right thing.

NEVADA EDUCATION OUTLOOK

Are We Making the Grade?

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F.

$$\begin{array}{r} 82 \\ + \end{array}$$



Nevada's image of educational mediocrity is changing. But State Senator Sandra Tiffany said changing the perception is a challenge in itself. Not all schools are experiencing the same problems or meeting with the same success. "There are definite pockets of problems," she said. "Some schools are exceeding expectations, while others are failing."

Schools Receive Ratings

The Nevada Department of Education recently released its school ratings for 2006. The ratings, part of the state's Adequate Yearly Progress (AYP) model, are based on school performance on standards-based reading, writing and math assessments. The goal is for all schools to make the AYP. If the school as a whole or any of its identifiable student groups doesn't meet annual proficiency goals, participation requirements, attendance requirements or graduation requirements, that school is listed as not having made AYP for that year. In fact, there are 37 ways in which a school can fail to make AYP.

If a school doesn't meet AYP for one year, it is placed on the "Watch" list. If it fails to meet AYP two or more consecutive years in the same subject area, the school is identified

as "In Need of Improvement." It then takes two consecutive years at AYP for that designation to be lifted. To be considered "Exemplary" or "High Achieving" the school must also exceed current-year expectations.

Out of Nevada's 613 public schools/programs, 17 schools have been designated as Exemplary, 79 as High Achieving, 55 are on Watch and 233 are In Need of Improvement.

Dr. Keith Rheault, superintendent of public instruction for the Nevada Department of Education, said, "Schools performed quite well overall, and as a result, fewer schools are In Need of Improvement than anticipated, based on results from the 2005 school year." Indeed, 74 schools showed a year of improvement. One more year of improvement and they move into the Watch category (until then, they are considered on hold).

While three schools moved into the High Achieving ranks, 14 schools have remained In Need of Improvement for four years, and the districts in which the schools are located must now prepare plans for restructuring those schools.

Tiffany would like to see the entire Clark County School District (CCSD) restructured. She said the largest school district in the state is too big and too bureaucratic, with too many administrative layers between parents and anyone who can make a decision on behalf of the school. She supports breaking up the district into a community-based school system. However, a lot of questions need to be answered before anything so radical could be accomplished. How would assets be divided? Who would draw the lines? What would be done with existing contracts?

Dr. Walt Rulffes, the newly elected superintendent of the CCSD, is familiar with this question of splitting up the district and agrees that more work needs to be done. He said he would probably support a split, but a three-pronged test must first be conducted. "First, there must be clear evidence through extensive scientifically-based research that a split would improve student achievement," he said. "Second, major economic differences between areas and racial imbalances must be addressed and taken into account before any restructuring can take place. Finally, taxpayers must be aware of the costs, as any such split will come with an increased cost to taxpayers."

Tiffany has a multi-step solution of her own. "The first step is to get answers," she said. "The second step is to get it on the ballot and let the people vote for it." Current statutes set the rule of one district for every county.

To change that would require legislative action or the people's action through a ballot initiative. Tiffany has chosen the latter. "I'm choosing to get the tough answers and let the people vote on it," she said.

Bottom of the List

Nevada has spent a lot of time on the bottom end of the Morgan Quitno Press's "Smartest States" lists and came in 47th in the 2005-2006 rankings. But the state is not alone. Other western states sharing the dubious honor of the five worst are California (46), New Mexico (48) and Arizona (50). Others in the West fared only slightly better: Wyoming (17), Idaho (28), Washington (30), Utah (33) and Oregon (38). Nevada's ranking of 47 was an improvement over 2004-2005 numbers when the state came in 49th; in 2002-2003 it was ranked No. 46.

Rheault said, "When we look at state averages, we are in the lower quarter, but when you consider the students we are working with, I think we do pretty well overall." He pointed out the increasing number of children whose native language is not English. In addition, Nevada's transiency rates (percentage of children who do not finish the school year at the same school they started) are a challenge across the state. Esmeralda County is faced with a transiency rate of nearly 60 percent and Lincoln County has 44 percent. And it's not just the rural counties. Clark is looking at nearly 36 percent and Washoe is sitting at nearly 28 percent. White Pine County has the most stable population, but even it has a transiency rate of 13 percent. Statewide, the transient student population is 33.5 percent.

The Big Districts

It is easy to grade a state's educational system by examining its largest districts. Nevada continues to see a gloves-off contest between the two giants of Nevada: CCSD and Washoe County School District (WCSD).

Population growth in both urban centers continues to skyrocket. Clark County has increased by 335,000 people since 2001; Washoe County has seen an influx of 50,000 people during the same period. WCSD Superintendent Paul Dugan focused on the types of growth each district is experiencing, calling WCSD growth "manageable growth," while labeling CCSD growth "forced growth" that necessitates reaction rather than action. "Besides the numbers," Dugan said, "this is the main difference in the challenges both districts face."

WCSD consists of 87 schools and roughly 64,000 students. Though not a direct part of the school system, four higher education campuses support the district. On the other hand, CCSD



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carries the title of fifth-largest school district in the nation (behind only New York City Public Schools, Los Angeles Unified, City of Chicago School District 299 and Dade County School District). The district has more than 300 schools and services more than 300,000 students.

Neither district is in stellar condition. The AYP designated WCSD as In Need of Improvement for the third year. CCSD is “on hold,” having made adequate yearly progress after two years of being In Need of Improvement.

The Smaller Districts

According to The Rural School and Community Trust, only 7.4 percent of Nevada’s students attend schools located in rural areas, and 19 percent of the state’s schools are in rural areas. The Trust considers funding among school districts in Nevada far from even. In fact, it considers the funding the fourth worst in the nation. The percentage of state education funding to rural schools is only 10.8 percent.

Kathy St. Clair, Nevada director of Title I services and assistant director of special education and school improvement, said, “These rural communities are not just remote – in some cases, they are completely isolated.” This alone can create factors detrimental to the entire educational system.

Antoinette Cavanaugh, superintendent for Elko County School District, has lived in her county for 23 years. She even went to school there. She said that while the larger districts have to contend with constant growth, the rural ones are challenged by the boom and bust of the often disparate communities within the counties. “We’ve handled our growth pretty well,” she said, “but huge, rapid growth would leave us scrambling.” Two factors that have helped the district handle its booms and busts are its

Getting to Know Dr. Walt Rulfes

On January 26, 2006, the Clark County School District Board of Trustees unanimously voted in favor of Interim Superintendent Dr. Walt Rulfes (pronounced roll-fess) as the district’s 10th superintendent. Though the committee had been divided in its discussions, the vote in favor of Rulfes was unanimous.

Rulfes holds an MBA in Business and Finance and a doctorate in Educational Leadership from Gonzaga University. As interim superintendent of CCSD since 2005, he has pushed through full-day kindergarten and developed English as a Second Language (ESL) programs to benefit area youth and parents, and also is heavily involved in county and state legislation concerning educational plans and funding. He said he has many plans for the district, but, “The focus must always remain on the students.”

Rulfes’ experience has led him to believe that his position as superintendent is only one piece of the puzzle that is the Clark County School District. He hopes to bring the district more into focus and be a part of much-needed solutions to the problems the district faces.

The superintendent’s ties to helping youth have their roots in tragedy. “After losing a son,” he said, “I devoted my whole life to making young people successful in life and helping to provide the means to achieve their success.” Rulfes, now 65, father of two and grandfather of four, sees his new position as a simple extension of that commitment.

As Ruth Johnson, Board of Trustees president, said after the vote to make Rulfes CCSD superintendent, “He is the man who will lead the Clark County School District into the future, and he will carry the responsibilities that this board will continue to give him.” It is a future Rulfes’ embraces.

A Quick Look at Dr. Rulfes

Born: Long Island, New York

Raised: On a small ranch in Washington State

Childhood Dreams: Cowboy, Professional Baseball Player

Favorite Sport: Baseball, Equestrian Events

Favorite Book: *To Kill A Mockingbird*, by Harper Lee

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pay-as-you-go building and renovation policy and a hold-harmless agreement with the Nevada Legislature. If the district goes through a bust period, the Legislature won't reduce its per-student allocation.

However, Cavanaugh said neither growth, ESL or transiency is as big a challenge as finding qualified teachers willing to move to what is considered a rural area (she contends that Elko, being equidistant to three major cities – Salt Lake City, Boise and Reno – is not rural). This is certainly a problem neither of the big districts is facing.

The Title I Program

Title I, the largest federal education program ever, began as a part of President Lyndon Johnson's "War on

Poverty" by way of the original Elementary and Secondary Education Act (ESEA) of 1965. For schools in areas with high poverty rates, it sets standards to determine eligibility for federal funding. It currently affects over 75 million American children every year. Its intent is to attack poverty through early education.

"There are different ways to determine which districts receive how much money, and it's based on the poverty level for that school," explained St. Clair. Title I funding provides for several different projects that improve school technology, facilities and morale. These include remedial programs, new teachers, teacher training, tutoring programs, after-school programs and ESL programs. This year, Nevada received \$77 million in Title I funding. All 17 school

districts in the state received a portion, with CCSD receiving \$57 million of that Title I money.

Title I is often measured by how many students are eligible for free and reduced-price school lunches. In Nevada, 171,000 students (41.5 percent) are eligible for the free and reduced-price lunch program. Nearly 134,000 of those students live in Clark County. Another 21,000 live in Washoe County. But the highest percentage of students in the program reside in Esmeralda County, where 66 percent of students (57 students) are eligible.

English Proficiency

In Nevada, more than 63,000 students (15.5 percent) have limited English proficiency. St. Clair said she's heard numbers closer to one in every five students – nearly 75,000 students – are ESL. The majority of these students (more than 50,000) live in Clark County. Washoe County adds another 9,000 to that roster. However, the county with the highest percentage of students with limited English proficiency is Carson City with 18 percent (1,548 students).

Not all students with a limited proficiency in English come from families who do not speak English at home. But students with English as a second language do make up a large portion of this group.

For instance, Rulffes understands English proficiency stems from a number of reasons, including poverty, as well as ESL families. As opposed to simple increases in numbers of non-English speaking families, he said, "We have a changing population here. And getting these kids proficient [in English] is a challenge we must take and must respect."

Joe Enge, chairman of EdWatch Nevada and a research fellow for the Nevada Public Research Institute,



said that in his years as an educator, he observed that whether or not a child comes from a family with a familiarity with academics (such as parents who have been to college) is more important to success than whether or not the family speaks English. However, our system focuses on the language barrier alone.

Keys to Success

On August 6, 2006, the Las Vegas Review-Journal reported, “The Nevada State Board of Education recommended that the 2007 Legislature increase spending on public education by \$1 billion,” boosting current salaries and also adding over 2,000 teachers across the state. Other measures the board approved were decreasing student-teacher ratios from 21.4 to 19.7. This proposal passed

with a vote of 9 to 1. The one opponent, Barbara Myers, said she turned it down simply because she wanted to decrease the ratio even further.

Governor Kenny Guinn has requested programs to apply the federal “No Child Left Behind” (NCLB) standards as soon as possible. Nevada’s plan of NCLB implementation takes shape in “Every Child Can Succeed.” In 2003, the Nevada Legislature passed motions requiring improvement plans be regularly developed, revised and implemented on every level of education, thus creating a comprehensive, evolving approach to education reform. A program can take several years to see results. Fortunately, Nevada began this process three years ago.

Programs such as “Every Child Can Succeed” are in place to set Nevada

up for success. The Nevada Department of Education also developed a research-based improvement process called “Student Achievement Gap Elimination,” or SAGE, to help schools and districts in their efforts.

Even smaller districts are seeking new ways to help students live up to their potential. Cavanaugh noted she has increased ESL teaching positions and has opened a position for an ESL Coordinator (though, after five months, that position remains unfilled). She also mentioned a variety of programs to help prepare students not only for college, but also for the workforce.

Readiness for college is a hot issue in Nevada now, with reports that about 40 percent of the Nevada high school graduates in 2005 who enrolled at the state’s colleges and universities had to take at least one reme-

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dial course. Jim Rogers, chancellor for the Nevada System of Higher Education, said that is going to change, and not for the usual reasons (more teachers, more funding). He said Nevada grads are seeing better programs because of a drastic increase in coordination between K-12 and the university system. This newfound spirit was only recently implemented, but Rogers sees it as revolutionary. "Everyone is working together," he said. "There are memoranda of agreement everywhere. With 13 regents and eight presidents getting along, it is a whole new world."

Rogers noted partnerships such as that between Clark County Community College and CCSD in which students will be tested at the end of their junior year, rather than their senior year, so they will know which classes they need to take in order to be college-ready. And those high school

classes will garner both high school and college credits.

In 2002, Anderson Elementary School in Washoe County was one of two schools to fail its Adequate Yearly Progress targets in three consecutive years, according to www.schoolsmovingup.net. Only 22 percent of third graders and only 9 percent of sixth graders were reading proficiently. But during the 2003-2004 school year, Anderson Elementary not only improved dramatically in literacy goals, but it also earned "High Advancement Status." In 2004-2005, the school continued to make Adequate Yearly Progress.

Examples like this demonstrate Nevada's ability to adapt, to change, to better itself in the tide of educational reforms washing across the nation. Dr. Rulffes was once quoted as saying, "I'm willing to steal some of the best ideas from districts all over

the country and use them." He still stands by this statement. Recently, he expanded on this idea: "We all have to be conscious of the best practices of other districts. And we need to listen to the people in the field: faculty, students and area businesses. They all have something to offer."

The ultimate objective of education is to prepare a new generation to bring success and prosperity to themselves and to the institutions and communities that supported them through childhood. Education is the lock on the door of success; it's up to the people of Nevada to turn the key of reform to unlock its treasures. 🌻

Cindie Geddes, owner of Flying Hand Writing Services, is a freelance writer based in Reno. Jonathan LaRossa is a freelancer currently working on his teaching credentials.

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What Cost Education? Two Views

In this special "State the Issues" column, we used excerpts from the executive summaries of two recent reports on education. The report from Augenblick, Palaich and Associates was represented to the Nevada Legislature in August, and the report by Dr. Richard Phelps was published by the Nevada Policy Research Institute. Readers are urged to read the complete versions of each report in order to make an informed decision.

Estimating the Cost of an Adequate Education in Nevada

Augenblick, Palaich and Associates, Inc.

In today's world of No Child Left Behind (NCLB), increased accountability for student, school and district performance, and a steady growth in high-stakes testing, there is ever-increasing pressure on education systems to ensure that all students leave school with the tools and skills they need to succeed in life. Such increased pressure can have a positive influence on performance, but only if policymakers and education leaders also have the capacity to answer what might appear to be a simple question: Do schools and districts have the resources they need to meet performance expectations?

In many states, policymakers have created accountability systems with consequences for schools and districts when expectations are not met. Most often, however, these expectations and consequences are created without understanding what it costs for schools and districts to meet desired outcomes.

This "funding adequacy" report is designed to help address this issue in Nevada and address both what it costs to meet present-day standards as well as future standards, where 100 percent of students are required to be meeting proficiency by both the federal and state government in 2013-14.

Key Findings

"Starting" cost. Drawn primarily from an analysis using 2003-04 data, 12 Nevada districts need an additional \$79.6 million, or \$231 per student on average, to bring them up to the successful schools adequacy level. In total, Nevada would need to spend \$2,295.5 million annually to meet the 2003-04 successful schools adequacy level, plus an additional \$15.3 million in hold-harmless money for the five districts currently spending over adequacy. This figure must also be adjusted for inflation.

A "goal" cost. This cost, drawn primarily from the professional judgment group analysis, represents the full cost of educating students – including the base cost and added weights for CTE (career and technical education) and students with special needs – to reach future performance standards. The end-point would be \$3,551.3 million, not allowing for hold-harmless money.

The "School Funding Adequacy" Evasion

Richard P. Phelps, Ph.D.

Proponents of increased spending on public schools often describe funding adequacy studies as objective and scientific. They are neither. Augenblick, Palaich and Associates (APA), the most prolific of several groups conducting this type of study for a fee, released its latest for the Nevada Legislature in August 2006. APA recommends doubling public expenditure on Nevada's public schools.

The education standards movement and, more recently, the federal No Child Left Behind Act, play into the funding adequacy drama. If states require that students and schools meet specific performance targets, it is argued, states should provide "adequate" resources for meeting those targets.

APA chiefly employed two estimation methods – the "successful schools" and "professional judgment" approaches. Both are simplistic and produce unreliable results. With the former method, APA relied on a three-year trend in test scores to judge school success and ended up selecting a disproportionate number of magnet schools and schools labeled "in need of improvement" under NCLB criteria. The latter method asked panels of teachers and school administrators how much money they needed in order to be successful in meeting standards. Not surprisingly, they estimated high.

These estimation methods rest on three assumptions: educators bear no conflict of interest when estimating their own resource needs; legislators will (and should) implement the funding recommendations of the panels exactly as the panels prescribe; and a one-to-one correspondence exists between education spending and student achievement.

In cases of extreme deprivation – in some very poor countries, for example – the correlation between spending and achievement can be rather high. Given the current structure of United States school systems, however, researchers have difficulty finding any correlation between spending and achievement. The most optimistic estimates claim a correlation of 0.1, meaning a doubling of education spending could be expected to increase student achievement by just 10 percent.

A vast research literature on effective schools reveals that the key features leading to improved student achievement are related not to money, but to the quality of school management and leadership.



Homes Mean Nevada

Questions and Answers with Nevada's Home Builders

Some things remain unchanged: Nevada is the fastest-growing state in the nation. Job growth remains healthy in Reno and Las Vegas, Nevada's cost of living remains more reasonable than in neighboring states, and people keep moving here.

What's changing is the housing market. In early 2005, houses were flying off the market. There were waiting lists for new homes, resales were selling in a matter of days and homes were appreciating at a startling 20 percent to 30 percent a year rather than the normal 4 percent to 6 percent. Investors were diving in and driving the market higher, while buyers were treating homes as short-term investments rather than places to live.

By fall 2005, things were changing. The buying frenzy was cooling, prices were still rising but not at the same dizzying pace, more product was coming onto the market, and everyone was concerned we were in a housing bubble that was about to burst.

In fall 2006, the market continues to adjust. Experts say it's not so much a downturn as a return – for the most part – to normal.

Nevada Business Journal brought together a handful of top builders to get the scoop on what home-sweet-home means in fall 2006. Home ownership is the American dream – we wanted to know if it's still a possibility for Nevada residents.

The Players

In the south we talked with Klif Andrews, division president for Pardee Homes, founded 53 years ago; Don DelGiorno, division president, KB Home, which came to Nevada six years ago by acquiring Lewis Homes; Matt Koart, area president for Pulte Homes/Del Webb Nevada; Dan Ferguson, president, Christopher Homes, a luxury home builder; and Dennis Smith, Home Builders Research, Inc. In Northern Nevada, we caught up with Jon Delaurentis, president, Lifestyle Homes, which was founded in 1989; and Steve Haley with Dickson Realty, 2006 president of the Reno/Sparks Association of Realtors.

Is the housing market slowing down in Nevada? What adjustments has your company made to the new Nevada housing market?

Andrews: The housing market has slowed down throughout 2006 and we've adjusted to it by keeping our inventories low. If our sales have slowed, so have our construction starts. We're still seeing sales in all the submarkets around Las Vegas. The activity varies widely between locations.

DelGiorno: The housing market has slowed. It's the same in every market. But really, we have an excess of supply. There are 23,000 resales on the market, and if you add in the new

homes, supply exceeds demand. We're only building homes after they're sold – there's no spec building. We're trying to make sure we qualify potential homeowners prior to sale, then start building and take them all the way through the process. We've also slowed down development of future lots – there's no sense adding to the bulge in the market.

Ferguson: It's slowed down in the sense that we have the same number of buyers, but far more inventory. However, if you look at all the other leading indicators in Southern Nevada, we have very low unemployment – the lowest rate in the country – good job growth and people moving in. We're still fairly competitive with cost of living compared to other states, especially California.

Smith: The year-to-date total of new homes sold through July in Southern Nevada was 21,545 – up 6.1 percent from 2005. The slowdown mostly shows up in resales, which are 22 percent lower year-to-date than last year (as of July).

Delaurentis: There has definitely been a slowdown. We have one project going in Cold Springs. We were already in the process of improving our options and exterior features before the slowdown, so we've continued with that trend.

According to Haley of the Reno/Sparks Association of Realtors, the market is slowing down across the

board in Northern Nevada and sellers are resisting the change. Builders of new homes are offering selective price reductions in some subdivisions or increasing the number of incentives, such as interest rate buy-downs or free upgrades. In Southern Nevada, the resale market saw a 22 percent decrease from July 2005 to July 2006.

What's the median price for a new home? How does it compare to last year?

Smith: The median price of a new home in July 2006 in Southern Nevada was \$324,517, a 2.1 percent increase year-to-year over 2005.

DeLaurentis: I've heard median price [in Northern Nevada] is upwards of \$380,000 or \$390,000 – maybe less in the North Valleys. I think there's been a slight decline in median pricing since October 2005, but I wouldn't want to speculate as to why.

What do you think will be the next hot housing market?

Andrews: We think Southern Nevada will be one of the stronger markets over the next 12 to 18 months. The fact is, there's not much land available in Southern Nevada. Since job creation and economic growth is still very solid, we feel this market will correct itself very quickly, probably by year-end. All the builders have slowed their construction starts and we're keeping our inventories low, but because Las Vegas still leads the nation in job creation, people are still moving here and they need houses.

According to Smith, the annual job growth rate in Las Vegas was 5.5 percent in June and 5.6 percent in July. For the U.S. the rate was 1.3 percent. DelGiorno: It's hard to speak to other parts of the country, but I have faith in the Las Vegas market. We've still got great job growth, it's a great place to live, there are tax advantages to living

in Nevada, and we're still doing well with tourism. Over the long term, this is one of the places that will still be a great housing market. There are still places to build. In the northwest [Las Vegas Valley], we're building in a new master plan called Providence, and in the south, we have a major holding called Inspirada, a 1,900-acre master-planned development. In some of the

most desirable parts of the Valley there is still room to grow and satisfy the needs of homeowners.

DeLaurentis: I read a great article in National Geographic that said Americans want a sense of community. They want to be part of something. I think master-planned communities are what the market's going to want, where infrastructure, parks, play-



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What types of homes are most in demand? What are kinds of features are people looking for?

Andrews: Lower priced homes in the \$250,000 to \$300,000 range are really in demand.

Koart: Never mind price. Energy efficiency is a huge priority. Also, the best location that has the lifestyle component the buyer wants.

DelGiorno: People still want the best value for square footage. They also want to customize to a certain extent.

Delaurentis: Our large two-story homes, which are basically the least expensive per square foot, are selling rather quickly. Also our smaller, least expensive homes in the \$230,000 range.

Haley: Square footage, kitchens and garages – garages are always popular in Reno. Having a four-season climate here, people want to store things indoors. Three-car garages are a huge bonus. Features vary by price range. People paying a million dollars for a home expect granite countertops and stainless steel. If they're paying \$300,000, they're hoping for landscaping or central air.

What do you consider an affordable home, and what's the market like for these types of homes? Can families still expect to own a piece of the American dream?

Haley: Affordability is driven by income, so what's affordable for one person is not necessarily affordable for another. It's a function of balancing median income and house size. We've had corrections in the Reno market. I'd say we were undervalued for years, considering our lifestyle

and the price of property and finished homes, and we've had a correction driven by demands from outside the area, but I think we've met that correction now. We might see a correction of some kind – housing prices might come down a bit. At the same time, if interest rates stay stable and the tax laws stay the same, I think the change needs to be in the wage situation. In order to be more attractive to people coming into the area, we definitely need to raise wages. Currently a medium-priced home in Reno is 13 percent above the national average, and wages are 12 percent below. There's a 25 percent swing between the two.

Delaurentis: There are different types of affordable: first-time buyer affordable, upgrading-to-a-larger-home affordable, empty-nester downsizing affordable. It's a relative term depending on what your circumstances are.

DelGiorno: In the \$300,000 to \$350,000 range, mortgage rates are still at historic lows and still affordable and there are so many different loan products, people have a lot of choices.

What effect has the rising cost of materials had on your company?

Andrews: It makes it difficult. Even as home prices are pressured downwards, the cost of materials continues to rise almost across the board – concrete to steel to drywall to windows – everything continues to go up, and fuel costs are also driving part of that.

DelGiorno: We've been lucky. KB Home is a large national builder with national contracts, which allows us to soften the blow of rising costs.

Koart: It's one of the contributing factors making housing less affordable over the last decade. Overall, everything is more expensive – land, labor, raw materials to build houses. Long-

term, it's more than likely we won't see this trend reverse itself. We may see small periods of softening costs, but it's going to be more expensive to provide homes.

Ferguson: In the last year and a half, costs have increased by 10 to 15 percent, and that's a large number over such a short time.

Delaurentis: We're seeing increases from subcontractors and suppliers. The cost of material goods is steadily going up because of the price of fuel. So many things are made through some kind of process that requires fuel, or it takes fuel to get it here. The price of lumber constantly goes up and down. We're seeing a steady increase in material costs, even though prices have flattened on new homes and resales.

Has your company had problems getting permits and entitlements from local governments? Are you experiencing delays in getting projects approved or getting approvals from inspectors?

Andrews: No more than normal. There are always delays in that process, it hasn't changed much one way or another.

Ferguson: In the last year and half, the process has slowed because of the demand on people in those roles and the demand for architects and engineers. That whole process has slowed down, particularly with government entities – what took four to five months before now takes six to eight or even 10

months, so that has almost doubled the time for getting entitlements.

Delaurentis: There was a code change last summer and it took a little time to get the plans current and approved at our end. The company got hit pretty hard with re-submittals for new codes. We almost expected a slowdown, but I think it's gotten better. It's fairly consistent now.

Koart: Along with rising costs, it's another hurdle, the ever-increasing difficulty in obtaining enough land and getting the approvals necessary to build. The regulatory environment has become more difficult over the years. Have you been able to get all the labor you need to build?

Andrews: There's plenty of labor, probably because of the lower construction starts. It was different a year ago, but now we have everything we need.

Koart: We've been fortunate to get the labor we need today. However, with immigration legislation and things that are happening politically right now, there are serious concerns in the industry. We don't profess to have the answers to very difficult questions, but certainly it needs to be balanced. Labor has been in short supply in the industry for a long time and it's been a very competitive environment to attract enough labor, and immigration legislation could negatively impact the availability of labor.



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Is land still available for large tracts or master-planned communities? If so, where?

Andrews: No. Large tracts are not available in Las Vegas. Many large parcels are already in development or are under federal ownership, and we have a lot of complications because of that.

Koart: The BLM [Bureau of Land Management] has auctions occasionally and sometimes those land parcels are big enough to provide large-scale master-planned communities. Short of that, it's rare to find a piece large enough to develop what we consider a master-planned community. We're left with more of an in-fill environment.

Will homes be built on smaller and smaller lots as land prices rise and land becomes scarcer?

Andrews: While multifamily products will continue to grow in market share in Southern Nevada, I don't believe they will ever be the dominant product. I really do believe that a home with a yard, a garage and a little bit of space between houses is still an enduring part of the American dream and buyers are not going to easily trade that in for a condominium.

Haley: The regional plan does call for some higher-density in-fill, but getting those projects approved through local governments has proved challenging. In-fill doesn't always mean condominiums – sometimes it means reduced lot sizes. Right now around 4,500 square feet is the smallest lot size, but we might have to go down to 2,500-square-foot row house lots. There is also a move to mixed-use, live/work type environments, and commercial buildings with residences in the neighborhood.

Delaurentis: I don't think [very small lots] sell well. For the immediate future, I think you'll see the regeneration or rebuilding of the downtown Reno area, converting some of the old hotels into condominiums. However, on the outskirts, I don't think smaller lots and houses closer together are desirable.

Continued from Page



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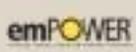
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Nevada's Accounting Firms

Managers Calculate Solutions to Challenges

Today's accounting firms face many of the same challenges being experienced by other industries and professions: recruiting and retaining qualified people, keeping up with competition, and reinventing themselves to adapt to a changing marketplace. In fact, it would not be unusual to attend a business mixer and find the same topics of discussion taking place among several different industry leaders. However, the accounting profession also faces unique challenges, which we discussed with the principals at several Nevada firms.

Workforce Challenges – Keeping the Best Staff

Four generations work side-by-side in today's workforce, which in any industry keeps upper management hopping. For the accounting profession, it has required managing partners and mentors to become creative in truly understanding the differences between these generations in an effort to

provide a working environment that can be all things to all people.

Recently, an article in *Inside Public Accounting* magazine broke down the specific differences between the generations. The main difference noted is that older generations are used to paying dues and putting in long hours to pursue the partner track, while younger generations do not want to wait 30 years to develop work/life balance. Members of the younger generation see time as currency, according to the article, and they do not want to trade it for money. However, when the older generation is doing the hiring, bridging the gap between the two groups becomes vital and provides challenges at the same time.

So, what's an accounting firm to do? Baby boomers are getting ready to retire, Sarbanes Oxley has significantly increased work for accounting firms, and firms need to develop succession plans, in addition to filling holes that already exist in the ranks of experienced staff. One thing several Nevada firms are doing is getting to

know who the Gen X and Gen Y people truly are and embracing these differences. Instead of trying to make individuals fit the firm, the firm is finding it has to fit the people.

What is this younger group like? Mike Klaich and Caesar Ibarra, partners with Muckle Anderson CPAs in Reno, explain that younger staff "aren't loyal to a profession or an employer, but to people." While liking the company they work for is fine, it is not the priority that drives these people to work. In addition, this generation also looks to their parents for guidance beyond college. In a world where parents are continuing to provide as much as they can for their children, it is not unusual for a parent to help negotiate an employment contract with the goal in mind of providing their children with as much opportunity as possible when accepting a position with a firm.

Klaich and Ibarra also explain that these individuals like to work in groups, and teamwork is very important to them. However, though these

generations like to work as a group, they also like to stand out in the team and create their own individual contribution. Because of this dynamic, firms are adapting in creative ways to accommodate the team mentality. Klaich and Ibarra say their firm started implementing changes a year ago and have been experiencing positive feedback.

The goals are still somewhat the same, in that a staff person has a goal of annual chargeable hours, with an estimation of how that time should be distributed throughout the year. However, the staff person has the choice when it comes to taking care of when the work is done. Flexible hours allow for staff to get their 40 hours in anytime between Monday and Sunday. Telecommuting creates productivity opportunities when a parent normally could lose a whole day of work staying home with a sick child. Now, parents can still remain productive from home.

For Kafoury, Armstrong & Co., the team concept has existed for years through the company's mentoring program. Partners Felicia O'Carroll and Kristen Burgess explain the firm's policy is to allow staff to choose the area on which they would like to focus, and then mentor that staff person with a partner and/or higher-level professional who is also strong in that area. In addition, the staff person is mentored in developing a plan to achieve professional goals. The emphasis is continually placed on allowing staff the freedom to determine their future, as opposed to the firm dictating the terms.

O'Carroll and Burgess also note the firm offers flexible hours for 40-hour work weeks, the option to work full-time for part of the year and part-time during other parts of the year, telecommuting and the option to take overtime in the form of time off or cash. The firm also pays for travel time incurred when staff members travel outside the immediate area to work for a client. For a firm with six

offices located throughout Nevada, the option to place staff where needed helps to fill gaps, while the extra pay options provide incentives.

O'Carroll also notes that her firm offers marketing assistance to staff who are interested in ascending the corporate ladder. Clearly, developing new business is part of the responsibility of staff in higher management positions. In anticipation of the importance of providing training in all areas of management, Kafoury, Armstrong & Co. employs the services of its marketing company to teach marketing techniques in an effort to better prepare staff in the area of business development.

Carlene Gadosh, chairperson for the Nevada Society of CPAs, agrees that having an appreciation for the importance of work/life balance now, rather than later, is key to finding and attracting qualified people to a firm. For her firm, Thorne & Gadosh, offering flex time, part-time work, job sharing and the option to work from home have been instrumental in keeping staff satisfied. Gadosh explained that many young parents would prefer to work from home, and having access to these options help achieve that goal.

However, keeping the lines of communication open is still a priority, so a once-a-week staff meeting called "work in progress" allows for everyone to meet face-to-face and stay on the same page. Within her firm, Gadosh noted that flexibility has been a success not only for employees, but for clients as well. She cited the cor-

relation between longevity and the contentment of staff, which directly impacts the satisfaction of the client.

"Clients needs are being met on a more timely basis. We have teams who work on each client's account. The staff may rotate, but the partner in charge stays the same," she explained. Gadosh also described the benefit to having an understanding and appreciation for those people who like to work, but do not desire traveling up the corporate ladder into partnership. These people are valuable because they offer consistency in a client's team. Instead of having staff members rotate through as they promote up, the people staying in place have the opportunity to develop long-term relationships with clients.

For Curt Anderson of Fair, Anderson & Langerman, adjusting to staff seeking work/life balance is not much of an issue. "All of us as baby boomers want balance in our lives," he said. "For the most part, we are looking for the same things this next generation is looking for. In our firm we're all after the same thing." Anderson figures staff members average 55- to 60-hour work weeks and that, while it is good to work hard, "Burnout doesn't do anybody any good."

Anderson also recognizes burnout can also result in producing bad work for clients. He maintains it is important for a firm to be innovative for clients, and if burnout is high, production of creative work is low. Ultimately he believes, "You can't help clients run a business if you can't empathize with their needs for balance." At the end of the day, Anderson said he believes in two truths: "Nothing is more personal than business," and, "Don't get between a mother and her children."

For Anderson's firm, owners set the example for staff. If an owner in his firm works part-time in the office and part-time at home, it is important that staff members understand those options are available to them as well. He

also believes that providing flexibility around necessary days off resulting from illness – or even a well-deserved half-day – are often more important than working around vacations, since working around a planned vacation is easy to manage.

Even larger national firms such as Deloitte & Touche LLP are experiencing challenges with hiring and retention. However, Managing Partner

Stephen Comer sees the current trend as cyclical, responding to the current economic boom. Nevertheless, he admits the firm is spending more money on recruiting, while certain internal changes have been implemented to accommodate the need to retain qualified staff.

Comer lists significant increases in compensation as one way the firm is attempting to retain current staff. In

addition, Deloitte has built more flexibility into schedules, so staff members are able to exercise more control over how work gets accomplished. Over the past summer, Comer said the firm also provided four floating days beyond regular vacation time to each employee to be used at their discretion. Unlike other firms, Comer described a program for paternity leave to help alleviate the stress of introducing a new child into the family. It enables new fathers to spend two to three weeks off after children are born. They also have the option of working from home.

Ultimately, Comer believes current staffing challenges are the growing pains that come with each generation in charge of a firm. He explained that when he came into the profession, “My boss would say my generation were slackers. Every group says they work harder than the next generation coming up.” He does not believe the new generation is unwilling to work hard; it is just that they want to work differently.

Getting the Work Done

Though many firms are dealing with the challenges of finding, hiring and retaining talented and qualified people, the reality is that holes sometimes exist. Outsourcing to other firms, and even to India, is an option firms may use. However, in Nevada, outsourcing is seen as a less than desirable option. Gadosh noted that only a few firms in Nevada outsource, usually to India, where there is a high population of accountants who are familiar with the United States tax code. However, she recognizes that many firms outside the state use this option and find it highly beneficial.

Gadosh explained the reason for the lack of outsourcing in Nevada is often relational. “People coming to a firm want help with the planning side,” she said. Clients often do not appreciate

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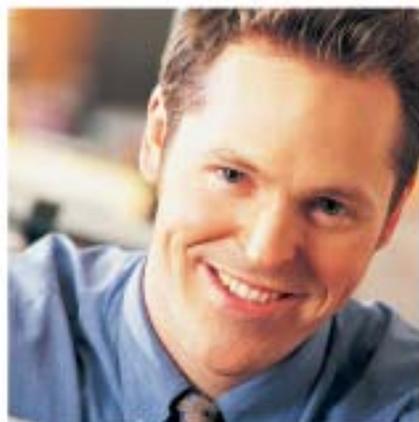
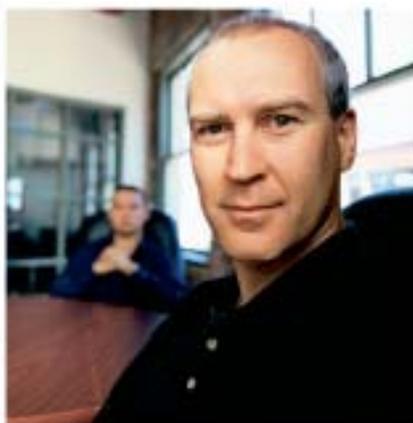
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OSHA Injury & Illness Recordkeeping – November 2, 9 a.m. - 12:30 p.m.
The presentation includes: OSHA's basic recordkeeping requirements outlined in 29 CFR 1904; injury and illness recordkeeping criteria, recordable and non-recordable injury and illness determination, recordkeeping forms and their maintenance, and posting requirements.

Written Workplace Safety Program – November 15, 9 a.m. – noon
Discusses the need for an effective Written Workplace Safety Program, Nevada's requirement for such a program, and the various activities required to comply with the program's six major elements. The elements are: responsibilities, hazard identification, training, accident investigation, enforcement, and safety committees.

Reno – Classes held at 4600 Kietzke Lane, Suite E-144, Reno, NV. Register by calling (775) 824-4632 or (775) 824-4630.

Machine Safeguarding – November 2, 1 p.m. – 4 p.m.
Participants are introduced to the concepts of machine safeguarding with respect to woodworking machinery, abrasive wheel machinery, mechanical power presses, mechanical power transmission apparatus, and general requirements.

Hazard Communication Awareness – November 16, 1 p.m. – 4 p.m.
The presentation provides an overview of the written hazard communication requirements. Topics covered will include: labeling, inventory, and material safety data sheets and training.

Elko – Classes held at Great Basin College at 1500 College Parkway, Elko, NV 89801. Register by calling (775) 778-3312 or (877) 4SAFENV.

Introduction to OSHA – November 8, 8:30 a.m. – 11:30 a.m.
This awareness training is intended to familiarize the participant with the purpose and history of the OSHA act, functions of the enforcement section, functions of the consultation section, and sources of the occupational safety and health standards.

For a complete list of classes, please visit www.4safenv.state.nv.us

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hearing their work has been outsourced to an individual they cannot talk to in-person. Even if a confidentiality agreement is signed, clients still worry about confidentiality issues. Ultimately, it is better for the relationship with a client if a firm finds alternative means for accomplishing the work.

Diversity – It's Not Just a Man's World Anymore

The accounting profession has long been seen as a man's world, but recently this has changed with the increase in women entering the field. Across the nation, accounting firms have seen a dramatic rise in the number of women entering accounting programs and ultimately developing careers in the field. Klaich cited the higher level of women in the firm as a direct reflection of the number of women in the graduation pool. Gadosh noted that Nevada also has seen an increase in female partners, as well as woman-owned accounting firms.

Anderson pointed out that more than half the graduates coming out of accounting programs are women. Therefore, while the number of female partners may not accurately reflect the number of women in the profession today, it is just a matter of time before it does. Since this change in percentages started in the 1980s, Anderson thinks it is more a function of timing in getting a person trained for upper management, versus a prejudice against women in the workforce.

For Kafoury, Armstrong & Co. this change has been significant over just the last half dozen years. The firm is entering its 65th year and, at most, had only one female partner until recently. However, that number has now jumped to 10 female partners throughout the state. O'Carroll noted that the staff mix is still about 50/50 men and women.

Making sure these valuable female

staff members stay with a firm provides different challenges. Typically, women are tasked with the responsibility of caring for children, and making sure the firm understands this dynamic is very important. Companies such as Deloitte & Touche have programs designed to allow for flex time for working mothers. In addition, female partners supervise a program designed to clearly understand the needs of female staff, so necessary accommodations can be made with the ultimate goal in mind of keeping these women in the workforce longer. Considering that women make up such a large percentage of today's workforce, addressing these challenges is not just a touchy-feely benefit, but rather a necessity to remain competitive.

Competition through Consulting

Several years ago, the accounting profession went through a change in which it added consulting services to basic accounting and tax services in order to remain competitive and provide the opportunity for clients to receive a "one-stop shopping" experience. However, among smaller firms in particular, trying to be all things to all people did not necessarily provide the payoffs that were anticipated.

Instead, smaller firms came to realize that clients generally come to an accounting firm for core services, and seeking assistance with things such as financial planning, business consulting and IT services were simply add-ons. Ultimately, clients did not come to a firm for consulting services and then add on accounting and tax assistance. The core services were still key for the firm's success.

With this in mind, many firms that delved into the world of consulting services either backed away from directly offering consulting services, or partnered with professionals to provide everything a client needed. On the other hand, Fair, Anderson &

Continued on Page

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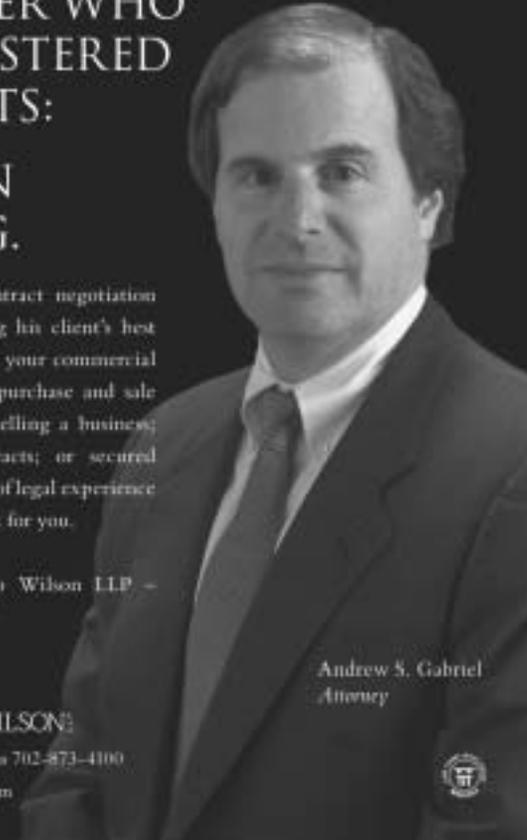
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NEVADA BUSINESS JOURNAL

Building Nevada



MGM Senior Vice President Alan Feldman is in charge of developing the \$7 billion Project CityCenter, the largest privately funded building project in the U.S.

CHANGING NEVADA'S SKYLINE

LARGEST COMMERCIAL PROJECTS MAKE ECONOMIC IMPACT

If time travelers familiar with Nevada's rival resort cities in the 1950s or 1960s could visit Reno and Las Vegas now, the shock might be overwhelming. Fifty years ago, both cities had populations numbering about 50,000 people and were heading in different directions. The Reno area grew to 300,000 people and evolved into a community with industry that takes advantage of its low costs to manufacture and distribute products in the West. The resort industry capitalized on Lake Tahoe and scenic attractions to lure tourists. The business boom stimulated growth in adjacent Sparks and made the small town of Fernley into a bedroom community for the two cities.

A visit to Las Vegas in the early 21st century would be even more mind-boggling for our fictional time travelers. The Southern Nevada population has expanded to 1.8 million people with the Las Vegas Strip dominating the gaming industry with huge, themed resorts that offer an incredible variety of shows and concerts. The boom included residential

developments with artificial lakes and other amenities, shopping malls as large as small communities and a network of roads and freeways that are nearly as difficult to navigate as those in Los Angeles. Las Vegas became the No. 1 convention city in the nation and experienced the most growth of any city in the United States in the past 50 years.

The evolution of Las Vegas continues. Resort projects are becoming bigger and more ambitious. New lifestyle shopping centers are being developed and high-rise condominiums are giving the city a look rivaling Manhattan. Two gaming conglomerates, MGM Mirage and Boyd Gaming, are launching projects with new concepts for the Strip.

Project CityCenter to Change Strip

MGM is developing the \$7 billion Project CityCenter on 66 acres between the Bellagio and the Monte Carlo, on the site of the old Boardwalk Hotel and Casino, which has

been imploded. Scheduled for completion in late 2009, the project will include high-rise buildings with a contemporary urban design. Planned are 2,800 luxury condominium units, a 4,000-room hotel and casino, two 400-room non-gaming boutique hotels and more than 470,000 square feet of retail, dining and entertainment facilities. The convention center will contain half a million square feet of space.

The MGM project will be the largest privately-financed development in the United States, said MGM Senior Vice President Alan Feldman. It will be connected to the Bellagio and Monte Carlo resorts by a people-mover system.

MGM executives began exploring options for the prime Strip acreage six years ago and decided a new concept was needed, Feldman said. "We couldn't justify building another hotel-casino out of the same mold," he said. "That decision took us down a completely different road. We decided to create an incredible and dynamic gathering point for Las Vegas.

We find ourselves in a unique moment in history in which we are primed to move from the most dynamic tourist destination in the world to becoming one of the most important centers of commerce and leisure in the United States.”

Feldman compared Las Vegas to Chicago of 100 years ago, when it was transformed after the great fire into a dynamic industrial and commercial center. Las Vegas benefits from being a crossroads for people and also “one of the most sophisticated Internet information hubs of any place in the world,” Feldman said.

The first phase of the CityCenter project will include a 4,000-room hotel and will be designed by Cesar Pelli, one of the world's top architects. The center's main resort, CityCenter Hotel and Casino, will have two towers (48 stories and 43 stories) and will include a convention center, 2,000-seat theater and two parking garages. A new Elvis/Cirque de Soleil show is scheduled to debut at the hotel when it opens in November 2009.

Subsequent phases of the project will include two 400-unit condo towers, one condo-hotel tower with 300 units and another one with 1,500 units. Mandarin Oriental Hotel Group will manage a 37-story, 400-room luxury hotel in the center, which will open in the third phase, along with a shopping center featuring high-end retailers and another 400-room hotel. Feldman said the project will have its own power plant and will be environmentally sensitive, with rooftop gardens and other features.

Echelon Resort Planned for Stardust Site

The Boyd Group is replacing the Stardust Resort & Casino, which first opened its doors in 1958, with the \$4 billion Echelon Place. The 63-acre site will include a 140,000-square-

foot casino, four hotels with a total of 5,300 rooms, 25 restaurants and bars, the 650,000-square-foot Las Vegas Expo Center and 1 million square feet of convention space. The Stardust will be open through the end of this year, and then will be demolished to make way for the new complex, which is scheduled to open in 2010.

Boyd plans to operate the 3,300-room Echelon Resort at its new property, which includes a tower with 2,600 rooms and one with 700 suites. Echelon will have a theater with stadium seating for 4,000 and another theater with 1,500 seats.

The company has reached an agreement with Shangri-La Hotels and Resorts, a leading operator of luxury hotels in Asia, to manage a 400-room hotel that will include a 20,000-square-foot spa.

Morgans Hotel Group and Boyd have entered into a joint venture to develop two projects within the Echelon Resort – the Delano and Mondrian – that are described as “lifestyle-boutique” hotels. The Delano will have 600 rooms and a nightclub and will be similar to a sister property in South Miami Beach, Fla. The Mondrian, with 1,000 rooms, will be patterned after the Hollywood hotel of the same name with facilities for business travelers and tourists, Boyd officials said. The master plan calls for a retail promenade with 350,000 square feet of space and covered parking for 8,000 cars.

Bob Boughner, a 30-year Boyd veteran, will leave his position as CEO at the Borgata Resort in Atlantic City to

head the development team at Echelon Place. “There are two dynamics shaping the Las Vegas market – the upscaling of the product and the need for quality meeting room and convention space,” said Rob Stillwell, vice president of corporate communications for the project.

Grand Sierra Coming to Reno

Reno has a more modest resort industry, but its skyline is also changing. The Reno Hilton is being converted into the Grand Sierra Resort and Convention Center. The resort sits on 148 acres north of the Reno-Tahoe International Airport, about 10 minutes from downtown. The land was originally the site of the MGM Grand Hotel, one of a new generation of resorts that expanded in Reno during the late 1970s. Grand Sierra Resort Corp. purchased the property last year with plans to build two high-tech, indoor water parks as the centerpiece of the new resort.

The \$1.8 billion conversion also includes plans for a 5-acre outdoor amphitheater and park, 10 new restaurants and bars and a four-story cabana-style golf driving range. The first phase will convert the top 11 stories of the existing 27-story building into 824 condo units.

The second phase will feature another tower with 1,200 condo units, and the third phase will include seven more residential towers along the Truckee River containing a total of 2,000 condo units.

From the previous owner, the Grand Sierra inherited 300,000 square feet of casino and convention space, nine restaurants, a shopping promenade, thrill rides, go-cart and jogging tracks, dinner theater and golf facilities.

The Navegante Group, which runs the Casino Fandango in Carson City, will operate the Grand Sierra Casino. Larry Woof, chief executive officer of

Navigante and former CEO of the MGM Grand Hotel in Las Vegas, will be in charge of casino operations.

Plans call for the additions to the property to be completed in six years, said Tom Schrade, president of the investment group. Schrade said Reno has become an outstanding destination for people who want outdoor adventure, such as skiing, camping, hunting, fishing and other activities. The water park will give visitors another alternative with no "weather risk." He said the developers got the idea from the network of Dells Resorts water parks in Wisconsin. "I like to think of Reno as the healthy alternative to Las Vegas," he said. "It has a great climate with outdoor activities and is a wonderful place to be."

More Condominiums Planned in Nevada

Grand Sierra and other casino developers say Reno is going to become a strong market for high-rise condos for tourists, young professionals, empty nesters and executives attracted by new industry. Small Reno properties such as the Comstock Hotel and the Sundown Casino have already been converted into condo projects. The Sundown is now Bevedere Towers and the Comstock has changed into the Residences at River Walk, with views of the Truckee River.

One of the most ambitious projects currently planned for Reno is the Palladio Luxury Condominiums, a 12-story tower being built by BCN Development at First and Sierra streets in downtown Reno. The 92 units in the complex, which features a fifth-floor pool, are scheduled to be completed sometime in 2007.

The Las Vegas market has suffered a downturn in single-family home sales, but its high-rise condo market is still hot, casino executives say. In addition to its Project CityCenter con-

dos, MGM plans to build 1,344 units in a 520-foot tower called The Place at Mandalay at the corner of the Strip at Mandalay Bay Road. The company also expects to increase the number of condos behind the MGM Grand from the 1,700 already built or under construction to more than 2,800 units. No condos are planned at Echelon Place, but Boyd has set aside 33 acres for possible condo development.

Partners Developing Town Square

In addition to huge new malls and continued expansion of upscale shopping at Las Vegas resorts, the city is seeing development of regional lifestyle centers with a variety of entertainment and retail shops.

The \$750 million Town Square regional lifestyle center under development on Las Vegas Boulevard south of Mandalay Bay is one of the largest projects. The 117-acre center is under construction at the intersection of Interstate 15 and the I-215 Beltway, next to Fry's Electronics.

The developers of the project, Turnberry Associates and Centra Properties, purchased Fry's last year and made it an anchor tenant. Turnberry is a national company that has developed more than \$7 billion in commercial and residential property; Centra is a Las Vegas company that has developed \$3 billion in projects to date.

Town Square, which will have more than 150 retail shops and 12 restaurants, is scheduled to open in the fall of 2007. The center will be designed

to give the feel of an old-fashioned American main street. "We will have a collage of architectures from the past 200 years," said Centra founding partner, Jim Stuart. "We want to create an emotional experience for people who visit," Stuart said. "I would be very disappointed if we built just another shopping center."

A 20-screen RAVE Motion Pictures complex will be included, along with a children's play area with attractions inspired by entertainment companies such as Disney and Universal Studios. The center will have venues for concerts, art festivals and other special events.

The wide variety of retailers include Robb & Stucky, Abercrombie & Fitch, Victoria's Secret, Eddie Bauer, White House/Black Market and Borders. The project will have a 24-Hour Fitness Center and several restaurants new to Las Vegas, such as Tommy Bahama's, Tropical Café, Yardhouse and Texas de Brazil.

In addition to retail and dining, Town Square will also feature 400,000 feet of office space. A small boutique hotel was originally planned, but was scrapped in favor of more office space because of a surprisingly heavy demand from both large companies and smaller tenants, Stuart said.

The developers anticipate that the volume of traffic at the project site will increase 10-fold and they are building a \$3 million flyover ramp that will take motorists traveling north on Las Vegas Boulevard directly into the center. There will also be an entrance from Las Vegas Boulevard with access to the center from both directions.

Furniture Showroom Marks Diversification

World Market Center, the first permanent trade show facility in Las Vegas, could be the forerunner of an-

other non-gaming trend. The first phase of the facility, which hosts two major furniture shows a year, was completed in the summer of 2005. General Manager Dave Palmer said most locals probably will have no idea of the magnitude of the project until it is finished in the next few years.

The furniture showcase, which sits on a 57-acre parcel southeast of the I-15-U.S. Highway 95 interchange just west of downtown, has one 10-story, 1.3-million-square-foot tower already open and another tower almost completed. Long-range plans call for eight buildings, connected by sky bridges, with a total of 12 million square feet. To put this in perspective, the Las Vegas metro area currently has 9.5 million square feet of convention space. The second tower, a 16-story building with 1.6 million square feet of exhibit space (300 showrooms) will open in January.

Palmer said the timetable for the

project will depend on market conditions. Estimates of when the project will be completed vary from 2012 to 2015. The \$3 billion project is being developed by World Market LLC and The Related Companies. Market founders and Los Angeles businessmen Jack Kashani and Shawn Sampson have worked for six years to create a complex that will surpass the industry's historic showplaces in San Francisco and High Point, N.C. The market recently hosted its third show with 42,000 attendees coming from all over the United States and 100 other countries.

The developers say that the project will have a major impact on downtown revitalization and will pump \$200 million in non-gaming revenue into the economy and create 35,000 jobs, both directly and indirectly. "This (the World Market) is totally different than anything else in Las Vegas," Palmer said. "This is not gam-

ing- or entertainment-related. Other cities like Atlanta and Chicago have merchandise marts, but this is the first merchandise mart for Las Vegas."

The new complex is next to a 61-acre parcel that the city of Las Vegas wants to make a showcase for the community's redevelopment. Palmer said his project should have a synergy with whatever Las Vegas develops on its acreage. Plans are being considered for retail, commercial and cultural facilities.

The World Market stimulates strong economic activity in the weeks leading up to each show as people are hired locally to deal with 600 trailer-loads of merchandise and handle registration, security, food service and many other activities vital to the show, Palmer said, adding, "This will change the face of downtown Las Vegas."

Tom Dye is a freelance writer based in Las Vegas.

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Commercial Condos Underway

Venture Corporation, California's largest developer of privately-owned commercial buildings for small companies, recently began construction of Venture Commerce Center in Las Vegas. The four commercial buildings, located on Eastern Avenue in the Parkview Center Business Park, will have 38 privately-owned business properties ranging in size from 1,313 square feet to 3,600 square feet. The properties fronting Eastern Avenue are one- and two-story office buildings. The other two buildings feature two-story offices in the front and flex space in the rear. The buildings should be ready for occupancy at the end of 2006.

DP Partners Building Largest Spec Project

Reno-based DP Partners is proceeding with construction on the fourth building within its 102-acre master-planned business park, LogistiCenter at North Las Vegas. The 513,240-square-foot big-box distribution facility will be the largest spec building in the Las Vegas market, according to Brad Myers, Las Vegas regional manager for DP Partners. The building, situated on a 25-acre site, features a 32-foot clear-height ceiling, eight drive-in doors and 100 dock-high doors. The facility is scheduled for completion in the first quarter of 2007. When built out, the LogistiCenter will contain up to six distribution buildings totaling nearly 2 million square feet.

Granite Construction Completes NDOT Projects

Granite Construction Company recently announced it has completed two projects totaling \$16.7 million with the Nevada Department of Transportation. The projects includ-

ed construction of two bridges, including one of the largest roundabouts in the western United States. Improvements to the sites were designed to help relieve commuter traffic congestion from Fallon to Reno and thru Fernley. Construction of two bridges, located along U.S. 50A near the Fernley/Fallon Interchange and along U.S. 95A at the Truckee Canal Bridge, began in May 2005.

New Office Park Opens in Las Vegas

Huffman Builders West recently opened the doors to its newest Las Vegas office park, Huffman Professional Plaza at Fort Apache. Located on the southwest corner of Fort Apache and Russell, the park is located in the southwest medical district near Southern Hills Hospital, St. Rose Hospital-St. Martín campus, Spring Valley Hospital and the Nevada Cancer Institute. The professional center is 100 percent occupied, with each tenant owning the office space rather than leasing it. With an estimated cost of approximately \$30 million dollars, the Huffman Professional Plaza covers more than 122,000 square feet, housing 30-plus customized office spaces in 13 single-story buildings and one two-story building.

Fish Springs Ranch Project Scheduled

Fish Springs Ranch, LLC has awarded Reno-based Contri Construction Company a \$34.6 million contract to build a water importation pipeline, beginning construction in November. Vidler Water Company is the managing partner of Fish Springs Ranch, LLC.

The first step of construction includes laying 28 miles of 30-inch steel pipe, which will serve as the main transmis-



Cutline: Huffman Professional Plaza at Ft. Apache

sion line between Fish Springs Ranch and the north valleys of Washoe County. Subsequent phases of the project include the equipping of six wells on the ranch, as well as construction of a pumping station, storage tanks and an electrical substation, currently being constructed by Sierra Pacific Power Co. Total construction is estimated at roughly \$70 million. The imported water is earmarked for municipal use and will eventually serve new homes in the north valleys of Washoe County. 🌿

LaPour Partners *Finding a Niche in Commercial Development*

LaPour Partners owns and manages a portfolio of more than 1 million square feet in eight office and flex properties in Nevada, California and Arizona, and boasts a successful track record of approximately 60 deals last year.

Branding itself “a boutique firm with an entrepreneurial culture,” this small nine-person real estate development company has carved a niche for itself in Southern Nevada, and is responsible for such high-profile developments as The Holsum Lofts, located in the historic Holsum Bakery building in downtown Las Vegas.

One of the area’s redevelopment pioneers, LaPour Partners was one of the first to recognize the promise of downtown Las Vegas as a thriving urban environment. Today, the rehabbed 1954 Holsum Lofts counts among its tenants progressive to classic establishments, including artistic boutiques, fine galleries, designer showrooms and a popular restaurant.

“Downtown Las Vegas has never had a brighter future than it does now,” said Jeffrey LaPour, president of LaPour Partners. “There are some great projects downtown, like the Molasky Corporate Center. However, the fast-changing landscape is a curse and a blessing at the same time. The market has changed so quickly that many believe the best product for the area is high-rises. In order for downtown Las Vegas to be successful, there has to be some product differentiation.”

As a regional real estate development, investment and management firm, LaPour Partners develops light industrial and flex space commercial properties, invests in vacant land, and provides unique real estate investment opportunities. “We can move quickly to analyze and close each property investment because there’s no bureaucracy,” said LaPour. According to LaPour, the firm’s real-time flow of information, plus the direct

involvement of its principals in every aspect of the development process – from analysis, negotiation, planning and financing, to leasing and tenant relations – enable the company to maximize value and minimize risks.

In addition to The Holsum Lofts, LaPour Partners’ Las Vegas projects include: Diablo Commerce Center, a 143,711-square-foot mid-bay distribution development; WesTech Business Center Phase III, consisting of 10 industrial buildings offered for sale and ranging in size from 4,480 square feet to 10,448 square feet; Decatur Crossing Phase II, which consists of three buildings totaling 140,594 square feet; and Perimeter Center, with eight free-standing, fee-simple office buildings for sale.

Like many other developers and investors, LaPour is also branching out into Phoenix, where his most recent acquisition is 35 acres for a \$35 million, 400,000-square-foot master-planned business park. “Phoenix expansion is a natural for us,” said LaPour. “We know the market well and it’s convenient to Las Vegas.” LaPour said land prices in Las Vegas are a big factor causing developers and investors like himself to look to other markets.

While LaPour and his company focus their hands-on business model in other Southwest markets, he remains positive about Nevada even in the face of rising land prices and construction costs. “I am optimistic about the Las Vegas market, specifically in regard to demand,” he said. “However, I’m pessimistic about the cost of land and the cost of construction, which I would rank as the market’s No. 1 problem.”

Nevertheless, like a true entrepreneur, LaPour followed up his remarks with a touch of confidence, adding, “Any time you’re bringing added value to the table, there’s a niche.” This seems true for a company that currently has more than \$60 million in the pipeline. 🌿

Liz Gamble is a freelance writer based in Southern Nevada.

Building Nevada

Commercial Real Estate Report

RETAIL— 2ND QUARTER 2006		
TOTAL MARKET	LAS VEGAS	RENO
Total Square Feet	43,342,692	13,159,210
Vacant Square Feet	1,183,340	876,431
Percent Vacant	2.70%	7.87%
New Construction	512,227	n/a
Net Absorption	399,253	166,249
Average Lease SF/MO (NNN)	\$1.97	\$1.78
Under Construction	3,747,005	n/a
Planned	9,354,974	n/a
CLASS A		
Total Square Feet	12,196,686	na
Vacant Square Feet	223,378	na
Percent Vacant	1.80%	na
New Construction	0	na
Net Absorption	-8,703	na
Average Lease SF/MO (NNN)	\$2.10	na
Under Construction	1,812,010	na
Planned	4,258,873	na
CLASS B		
Total Square Feet	12,458,005	na
Vacant Square Feet	254,860	na
Percent Vacant	2.0%	na
New Construction	0	na
Net Absorption	-14,767	na
Average Lease SF/MO (NNN)	\$1.77	na
Under Construction	693,322	na
Planned	2,450,546	na
CLASS C		
Total Square Feet	18,688,001	na
Vacant Square Feet	705,102	na
Percent Vacant	3.80%	na
New Construction	512,227	na
Net Absorption	422,723	na
Average Lease SF/MO (NNN)	\$2.00	na
Under Construction	1,241,673	na
Planned	2,645,555	na

Next Month: INDUSTRIAL

ABBREVIATION KEY

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

SOUTHERN NEVADA STATISTICS COMPILED BY
APPLIED ANALYSIS.

NORTHERN NEVADA STATISTICS COMPILED BY
ALLIANCE COMMERCIAL REAL ESTATE BROKERAGE.

Historic Post Office Being Restored

The City of Las Vegas recently received a grant from the U.S. Department of Housing and Urban Development totaling nearly \$800,000 to help with its \$32 million project of renovating the former post office and courthouse building in downtown Las Vegas. The 73-year-old building will be transformed into a cultural center and museum. The city council has approved a \$7.5 million contract with architectural firm Westlake Reed Leskosky, which includes the interior and exterior core and shell of the building, museum planning, and exhibition development and design. The adaptive use of the building is widely viewed as a centerpiece of the city's downtown revitalization efforts. It will feature approximately 13,000 square feet of exhibition space and will accommodate cultural, civic and educational programming and receptions, special events and conferences. It is scheduled to open in early 2008.

Reno Airport Gets Security Upgrades

Officials at Reno-Tahoe International Airport recently unveiled more than \$4.5 million worth of enhancements to the airport's security system. A new Emergency Operations Center (EOC) enables emergency workers to manage security from a remote site near the airport. Internet-based software integrates with the Washoe County Regional EOC and the emergency management system at the federal Transportation Security Administration. A new communi-

cations center features state-of-the-art equipment, including fiber-optic cabling, closed-circuit television cameras and a new telephone and paging system. The project was funded through a grant from the Federal Aviation Administration, which provided 93.75 percent of the cost, with 6.25 percent matching funds coming from the Reno-Tahoe Airport Authority.

Nevada Child Welfare Data Published

The Center for Business and Economic Research at the University of Nevada, Las Vegas recently released the 2006 edition of the *Nevada KIDS COUNT Data Book*, which contains county, regional and state data on the well-being of Nevada children. The publication includes data on health conditions, economic well-being, education, safety and juvenile justice. This year's book revealed that three indicators of child well-being improved from last year (child death rate, high school dropout rate and juvenile violent crime arrest rate). Three other indicators showed worsening conditions (percentage of low-birthweight babies, infant mortality rate and percentage of children in poverty). A digital copy of the publication may be downloaded from: <http://kidscount.unlv.edu>.

Great Basin College Expands

Great Basin College, based in Elko, has expanded its service territory to include Nye County, Nevada's largest county. The college's 62,000-square-mile service area, which now includes Elko, Eureka, Humboldt,



Post Office

Lander, Nye and White Pine counties, is larger than more than 20 states in the U.S. One way the college successfully meets the challenge of serving such a large territory is through distance education technology, using interactive video, Internet classes and other high-tech methods to communicate with students seeking associate's or bachelor's degrees. Great Basin College is a community college unit of the Nevada System of Higher Education.

Employers Insurance to Go Public

EIG Mutual Holding Company, the parent holding company of Employers Insurance Company of Nevada (EICN), recently announced plans to convert from a mutual insurance holding company to a publicly traded stock company. In 1999, the State Industrial Insurance System was dissolved and EICN was established as a mutual insurance company owned by its Nevada policyholders. If the plan receives the necessary regulatory approvals, EICN's current surplus of approximately \$554 million will be distributed to its 6,500 eligible members, and the parent company will conduct an initial public offering of common stock. The company anticipates the conversion will be completed in the first quarter of 2007. 🌿

Continued from Page

What's your opinion of the housing market in Nevada?

DelGiorno: What was happening in the market wasn't sustainable. The law of averages is that everything has to come back to the middle and the historical rate of appreciation is 5 percent to 6 percent a year. It will work its way back. Investors who came into the market were looking at homes as short-term investments, when in reality a home is, first of all, a place to live that will appreciate over time, but not over a year or two. It's a place to live and raise a family.

Haley: We've had incredible appreciation [in home prices] these last three years and have to understand that's not normal. Twenty percent appreciation is not a normal function of eco-

nomics. Traditionally in the 21 years I've been in business in Reno, you're looking at a 4 percent to 6 percent appreciation per year. We've had more than 50 percent for a three-year period, so there has to be some adjustment. Right now, buyers are the ones forcing that adjustment and sellers are resisting. Sellers need to do a reality check and say, "When I purchased that property, what were my expectations?" The market over the last few years has far exceeded anyone's expectations.

Delaurentis: It's a little nerve-racking watching home sales go down, because there are so many satellite businesses that depend on construction. People sell lunches to construction workers, furniture outlets sell to new

homebuyers, trades rely on construction-related jobs. The last three or four years have been almost ridiculously busy, and it's nice to see things get back to what was normal before the big push. You asked about a slowdown, but that's really part of the cycle of building.

Jennifer Rachel Baumer is a freelance writer based in Reno.

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Changing Dynamics of the Workforce

A Challenge for Employers and for DETR

Question: *What is the Department of Employment, Training, and Rehabilitation doing to help ease the shrinking qualified workforce?*

The Department of Employment, Training, and Rehabilitation (DETR) regularly releases economic reports confirming that Nevada's job market is among the best in the nation. Our remarkable economy equates to great opportunities for Nevada's working citizens, but can be a great source of angst for the employer community. Most are aware there is a shortage of skilled workers for businesses seeking to keep up with the state's massive growth.

Because of this shortage, DETR remains one of the state's most valuable resources. Our role is very tangible. DETR strives to maintain Nevada's economic health by getting people employed and keeping them employed. However, just as important is its success in serving the employer population by helping maintain a robust pool of skilled workers.

DETR encompasses four divisions: Employment Security Division (ESD), Rehabilitation Division, the Equal Rights Commission and the Information Development and Processing Division (IDP). Additionally, DETR is a major partner in the JobConnect System, staffing JobConnect offices throughout the state. These divisions work with JobConnect to deliver services that strengthen Nevada's employment environment.

The Employment Security Division works with JobConnect to provide training and job placement for those entering or reentering the job

market. There are many reasons people are not working. Sometimes they cannot afford equipment or clothing required for a specific job. Often, these are hard-working individuals who have fallen on hard times. Therefore, we have the Client Enhancement Program, which pays for items such as sheriff's cards, tools and uniforms.

Through JobConnect, ESD develops partnerships with employers to identify appropriate workers. Other less common avenues to explore in hiring skilled workers are youth, displaced homemakers and disabled persons. These populations are very eager to work. Because of the demand for labor, employers must be prepared to tap potential resources not previously considered.

The Rehabilitation Division has a variety of services for disabled persons who may need some assistance getting into the job market. This division offers services that help the disabled function independently. The division encourages employers to tap into this population of enthusiastic citizens. Often an employer is not aware that by supplying simple assistive equipment, a disabled person can become a valuable member of the employer's team. Additionally, the rehabilitation division works with the school district to help disabled students transition into the workforce. Again, this becomes another group of skilled workers for Nevada.

It takes a collective effort to solve this emerging problem of the decreasing qualified workforce. That's why DETR proactively partners with employers. **The Equal Rights Commission**, for example, does not just investigate claims of discrimination, but it also provides employer services to help make the workplace the kind of environment where a skilled worker would want to stay. Staff is available to provide informational training to employers about workplace discrimination and fairness.

There are many different components to this issue, which will continue to escalate as the workforce ages and baby boomers retire. There must be a shift in thinking. Times are gone when a person has only one job until retirement. Companies now offer attractive incentives and excellent training programs leading employees to make regular job changes.

DETR focuses on assessment of workers as well. We find they are looking for growth opportunities, good benefits, good pay and healthy work environments. It's imperative that companies treat their current employees like the valuable commodities they are and begin offering more incentives and the best possible benefits. Essentially, we must recognize the worker as an individual with goals and needs, and businesses as places where those goals and needs can be met. 

Terry Johnson, Director of DETR



November Ballot Questions

Time to Review Our Options

For a while this summer, it appeared as though Nevada's 2006 ballot may closely resemble its neighbor to the west, California. Our state's lenient initiative and referendum laws brought a host of national interests to the Silver State with the intent of passing a variety of proposals.

Many of these interests were well-funded and able to hire teams to gather signatures on petitions, which is how these questions qualify for ballot status. Unfortunately for the petition sponsors, however, it was this very process that led to their ultimate downfall.

Once such example was TASC, or the Tax and Spending Control initiative. This proposed change to the Nevada Constitution, championed by State Senator Bob Beers and others, would have required votes of the people before state and local governments could increase tax rates or spend taxpayer money on certain projects.

It was strongly opposed by a variety of private and public organizations under the premise that it would completely cripple economic development in the state. They pointed to the one state that had passed such a measure, Colorado, as an example that the proposal just doesn't work. Proponents said TASC would force governments to do what businesses and private citizens have done since the beginning of organized societies – work with what they have in their budget.

Regardless of how you feel about TASC, you won't get a chance to

voice your approval or disapproval this year because of the way the signatures were collected on the initiative. The signature gatherers circulated two slightly different petitions when collecting sponsors throughout the state, and the Nevada Supreme Court ruled that the signatures from both petitions could not be counted as supporting just one version of the initiative. That meant the petition fell short of the needed support to be put on the ballot this fall.

Another initiative that was ruled on by the Supreme Court is PISTOL, or the eminent domain initiative. It seeks to severely limit a government's rights to impose eminent domain to take private land for public use. As of press time, the outcome of this ballot question was still up in the air. The Supreme Court stripped many of the initiative's provisions because they did not agree with the state's constitution, but the fundamental part of the

question has been left intact.

Opponents filed another suit with the court, stating that because the court had so changed the question, it should not be allowed on the ballot because it no longer reflected what Nevada voters had signed on to support. It's an interesting legal argument that could also strip this measure from your November ballot.

A couple of proposals that you will definitely see in November are the anti-smoking initiative and the "pro" smoking ballot question. It may be extremely confusing to voters, but one would completely eliminate smoking in any establishment that serves food. The other would not go that far, but would put additional smoking bans into Nevada law that aren't quite so intrusive and disruptive to our tourist economy.

The initiative to allow up to an ounce of marijuana for personal use is also on the ballot again. This question would allow government stores to sell up to one ounce of marijuana to adults for personal use, but would create stiffer penalties for those who sell the drug to minors.

The Nevada Legislature has for the past few years gotten a bit tougher on requirements for the initiative and referendum process. However, the Silver State still remains one of the easier states for interest groups to get their questions on a statewide ballot. 🌿

Mike Sullivan is president of Knight Consulting, a Southern Nevada government affairs firm.



The Charging Order for LLCs and LPs

The Exclusive Remedy of Creditors

Business owners, executives and others often establish one or more limited liability companies (LLCs) or limited partnerships (LPs) to protect their assets from creditors. These entities frequently hold business interests, but other times they hold non-business assets such as real estate or marketable securities.

For liability purposes, an LLC is superior to a corporation in nearly every instance. If the assets within the entity are the cause of a lawsuit, the owners of the entity are protected personally in the case of both a corporation and an LLC. However, if an individual who owns part of an entity has a judgment creditor against him, then there are significant differences.

If the individual has a judgment creditor, then that creditor can take the person's stock in a corporation. However, that same judgment creditor may not be able to take the person's membership interest (i.e., ownership interest) in an LLC. This significant creditor protection advantage explains why fewer corporations and more LLCs are formed nowadays.

The reason that the LLC membership interest may be protected is that the LLC's applicable state law may provide that a charging order is the exclusive remedy of a judgment creditor against a member's interest. A "charging order" is a type of lien on the interest that does not allow the debtor to receive any distributions from the LLC. If any distributions are made from the LLC, then those distri-

butions applicable to the charged interest are paid to the creditor.

The creditor does not take the control away from the owner of the charged interest and therefore cannot force a distribution. This puts the debtor in control and generally forces the creditor to settle the dispute with terms favorable to the debtor since the creditor will have a difficult time executing on a judgment.

Prior to 2001, Nevada law was like most states' laws in that it did not make the charging order the exclusive remedy of a judgment creditor of a member of an LLC or a partner of an LP. Until such time, the charging order was one of many potential remedies available to the creditor. If the applicable state statute does not make the charging order the exclusive remedy, the judge may award additional remedies, including the possibility of selling the assets in the entity to pay off the creditor.

In the 2001 Nevada legislative session, the author herein co-wrote the portion of Senate Bill 51 that was intended to fix the charging order holes in the Nevada statutes for LLCs and LPs. However, this initial fix was perceived by many to be the second best way – not the best way – of drafting the charging order statute because it allowed for a foreclosure of the LLC or LP interests.

Because of the potential imperfection of the 2001 version of the Nevada charging order statutes, the author herein co-wrote an additional change to the statutes in Assembly Bill 536 in

the 2003 Nevada legislative session. After passage of this bill, Nevada became one of the very few jurisdictions with laws making its LLCs and LPs subject only to the charging order.

This substantial modification to the Nevada creditor protection laws, when coupled with Nevada not having any state income tax or franchise tax, significantly increased the number of LLCs and LPs filed in Nevada by residents of Nevada and other states. Nevada is now one of the most popular jurisdictions in which people all over the country establish their entities. ❁

Steven J. Oshins is an estate planning and creditor protection attorney at Oshins & Associates, LLC in Las Vegas.



Employment Eligibility Verification

A New Effort to Control Immigration

The issue of illegal immigration appears to be on everyone's mind these days. Employers are now being courted by an unlikely source – the Immigration and Customs Enforcement (ICE). ICE is touting a program newly announced by the Department of Homeland Security (DHS) called ICE IMAGE, or ICE Mutual Agreement between Government and Employers.

Under IMAGE, ICE hopes to partner with companies representing a broad cross-section of industries so these firms may serve as charter members of IMAGE and as liaisons to the larger business community. As part of the program, employers must: submit to an Employment Eligibility Verification (Form I-9) audit conducted by ICE and use the Employment Verification Program to verify the employment eligibility of all new hires. However, employers will also be required to:

- Establish an internal training program (providing instruction in I-9 compliance, use of the Employment Verification Program and detection of fraudulent identity and work authorization documents);
- Create an in-house review of I-9 and Employment Verification Program compliance and use an outside auditor to conduct annual I-9 audits;
- Establish a self-reporting system for violations and create a tip line for employees to report illegal activity

with respect to the hiring and retention of unauthorized workers;

- Establish protocols for addressing Social Security Administration mismatch letters and ensuring that subcontractors adhere to the same “best practice” guidelines;
- Create and maintain safeguards against discrimination;
- Submit an annual report to ICE that describes the results and effects of their participation in IMAGE.

ICE will provide training and education to its IMAGE partners on proper hiring procedures, fraudulent document detection and anti-discrimination laws. ICE will also share data with employers on the latest illegal schemes used to circumvent legal hiring processes. Furthermore, ICE will review the hiring and employment practices of IMAGE partners and work collaboratively with them to correct isolated, minor compliance issues that are detected.

Those companies that comply with the terms of IMAGE will become “IMAGE certified,” a distinction that ICE believes will become an industry standard.

Although the program appears to be well thought out, providing training, ongoing support, best practices, etc., for some, it does appear that ICE has found another way to levy business relationships to lighten its own burdens as the news continues to report that the organization is overburdened.

The benefits of the program are obvious: compliance, decreased identity theft and uniformity. However, questions must be asked regarding the agency's ability to manage what could become a huge and costly program. Has funding been earmarked to ensure system upgrades? Will this program become mandatory? What happens to those same “certified” employers if an error does occur? Will the employer or employee be held accountable? Who will bear the cost? How often will the training and “ongoing communication” occur? Who's creating the “best practices”? Have they enlisted the Society for Human Resource Management (SHRM) or the American Society for Training & Development (ASTD) in the process (two of America's leading human resource and training organizations)?

I would suggest that before you consider affiliating with ICE and their IMAGE Program, consult with counsel; seek input from your industry liaison groups, as well as from SHRM and ASTD. Understand your options and your rights. Many companies have already been using the Employment Verification Program; however, IMAGE would require much more.

For those companies interested in learning more about ICE's IMAGE Certification Program, a full list of best practices and program materials can be found at www.ice.gov.

M. Annelle Lerner is a human resources consultant based in Las Vegas.

Continued from Page

Langerman, although not a large firm, has experienced success with offering a myriad of services in addition to core accounting, audit and tax work. It even spun off a separate IT consulting firm.

For Deloitte & Touche, consulting services is a very successful and profitable offering to clients. However, the firm operates on a national level and is able to support separate departments dedicated to services such as IT consulting and financial planning. Comer explained that Nevada is still small enough not to need dedicated consulting offices. However, the firm is able to pull from resources in other offices when needed.

The accounting profession is ever-changing and often a direct reflection of corporate America today. One aspect that does not seem to change is the foresight needed in order for

strong leaders within the profession to meet these challenges head-on, remain creative in finding solutions, and ultimately develop proactive programs to turn challenges into success.

Stephanie Herrera is a freelance writer based in Northern Nevada.



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Banking at Wal-Mart?

Industrial Loan Companies in the Spotlight

An industrial loan company (ILC) is a financial institution that lends money, and may be owned by non-financial institutions. Though the bank itself comes under state and Federal Deposit Insurance Corp (FDIC) regulation, a debate exists whether to allow companies, such as Wal-Mart, to own such a bank, because the parent company would remain unregulated. ILCs are currently chartered by seven states, including Nevada.

FDIC directors recently imposed a six-month moratorium on approving applications for ILCs. The moratorium is intended to give federal bank regulators time to review and determine if the growing number of ILC institutions pose any emerging safety or financial policy risks. According to Nevada banking experts, the charter application of the world's largest retailer, Wal-Mart Stores, to establish an ILC in Utah is probably what incited the moratorium.

"Approving the growing number of ILC charters is certainly an issue. And, like any issue, there are pro and con sides to it," said Bill Uffelman, president of the Nevada Bankers Association. "For the most part, ILCs seem to be working. But, it's important to consider all implications a thrift bank can have on a community. In the case of Wal-Mart, regulators need to consider how it may impact community banks."

Uffelman heads the Nevada trade association, which includes most of the state's financial institutions, in-

cluding ILCs. He said the two kinds of institutions have been able to co-exist peacefully since ILCs entered the state nearly 10 years ago. Nevada ILCs, such as Eaglemark Savings Bank and Toyota Financial Savings Bank, aim to convince the public that they can continue this coexistence. Over the last several years, they have been actively testifying in support of ILC charter approvals during Nevada's legislative sessions.

"Thrifts/ILCs offer a versatile charter for companies to set up financial institutions, which – regardless of their ownership – exist to serve an identified consumer need," said Donal Hummer, vice president of community and government affairs for Eaglemark Savings Bank. Eaglemark, headquartered in Carson City, is the city's largest private employer. "In almost all instances, servicing those needs is not in conflict with community banks, and in fact is complementary," he added.

The seven-year-old ILC, which operates as a subsidiary company to Harley-Davidson Financial Services (HDFS), provides its customers with secured motorcycle loans. Last year, the Economic Development Authority of Western Nevada estimated the ILC had a \$65 million net positive impact on the state's economy. According to Hummer, HDFS made 99.95 percent of its revenue from loans outside Nevada.

"ILCs are state-chartered, insured banks that are just as regulated as

other banks," said Ray Specht, president of Toyota Financial Savings Bank. Specht has been in the banking industry for over 30 years – 14 years on the ILC side. "Our bank isn't going head-to-head with community banks. What we're doing is offering bank products that will increase our buyers' interest in purchasing more of our products and services," he said.

The company, owned by Toyota Financial Services Americas Corporation, opened its doors in 2004 after being approved by the FDIC and state of Nevada. Since its inception, the company has generated well over 10,000 rewards-based credit card accounts for Lexus customers, which are used to promote future product purchases by loyal card users.

According to Specht, the ILC industry is currently one of the strongest areas in banking and will continue to grow. "Coming from both schools of banking, I have a balanced perspective on ILC chartering issues," Specht said. "Considering fact that ILCs are just as regulated by the FDIC and the state as other Nevada chartered banks, all I can see is potential to create a more competitive marketplace, which benefits consumers, and potential for the state of Nevada to grow this industry and provide more jobs, income and diversity in business throughout the state." 🌻

Amber Schutz is a freelance writer based in Southern Nevada.

The Ace of Diamonds Reveals Jewelers' Secret



Ten Facts You Need to Know Before Buying a Diamond

- Never compromise on the cut. Cut determines the brilliance of the diamond.
- Consider only certified diamonds by independent labs like AGS, GIA or EGI.
- Fluorescence can be good and bad. Know the difference.
- Beware of treated diamonds (clarity and color enhancement).
- Buy only loose diamonds. None of the 4 C's can be determined in a setting.
- Deal with an established, reputable company, one that is a member of the American Gem Society (AGS).
- Avoid "sales" or other promotions. Usually, the only thing discounted is the quality.
- Know the store's return policy.
- Know the upgrade policy. No other jeweler offers 100% diamond trade-in with no additional investment required. M.J. Christensen does.
- Make sure everything is written down so you know exactly what you are buying.

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Cliff Miller is not only passionate about diamonds, but he is also willing to share his passion and his knowledge with anyone who'll take the time to listen. For 32 years, he has studied the art and science of diamonds, traveling the world many times over and purchasing more than \$50 million in diamonds.

As president and CEO of M.J. Christensen Diamond Centers, which was founded in 1939, Miller is acutely aware of the company's history and heritage in serving and educating the public about diamonds and other fine jewelry.

"Not only can we deliver the right diamond at the right price, but we also educate our guests so they are assured and confident of the value they are receiving," said Miller. "Quality does not cost more. We allow guests to make buying decisions in a relaxed, no-pressure environment. They can choose from a large inventory of our in-stock unmounted diamonds or from tens of thousands of available diamonds from worldwide sources with overnight delivery."

The Secret Revealed

Miller, known as "The Ace of Diamonds" for his expertise, continued, "At M.J. Christensen, we emphasize and illustrate for our guests a key element that we know can affect diamond value up to 50 percent – the secret is in the cut."

Most people realize that the three quality factors of cut, color and clarity can dramatically affect the beauty and value of a diamond, but they often don't realize that cut – more than anything else – determines

how well a diamond will sparkle and shine. Diamonds with the same color and clarity grades can vary in value by as much as 50 percent or more, depending on the all-important cut.

A diamond with poor proportions – cut too deep or too shallow – will "leak" light out of the bottom of the stone instead of reflecting it upward, explained Miller. Perfectly cut stones allow the maximum amount of light to be reflected out of the top of the diamond for maximum brilliance and sparkle.

M.J. Christensen features the world's most perfectly cut diamond, distributed by Hearts on Fire.

Ask the Experts

It is advisable to consult a certified gemologist before purchasing a diamond and to deal only with retailers who are members of the American Gem Society (AGS). Less than 5 percent of the jewelers in America meet the high standards of this organization and are privileged to become members. "This decision will ensure you are talking with a knowledgeable staff who will help you make the best decision when it comes to your diamond purchase," noted Miller.

Diamond buyers should also ask for a certificate from an independent, unbiased laboratory. Without a certificate, there are no guarantees that the diamond purchased is the color, clarity, cut and carat weight stated on the store's appraisal. At M.J. Christensen, all diamonds from a half-carat or larger are girdle-inscribed and come with a certificate from one of the leading laboratories in the world.



Financially Intelligent Parents

The Value of Teaching Good Money Values

Are you making money decisions based on personal values? If not, you are probably not teaching your children to do so, either.

In *The Financially Intelligent Parent, 8 Steps to Raising Successful, Generous, Responsible Children*, authors Eileen and Jon Gallo examine how parents can create an internal structure of values for both themselves and their children that allows them to use money in healthy ways.

According to the Gallos, giving your kids a “money value vocabulary” is important. This means having the words to make financial decisions based on values. For example, if children are trying to decide whether to spend their entire allowance on video games like their friends do, a money values vocabulary can help them resist peer-group pressure. They can say to themselves, “I believe in saving at least some of my money for more important things in the future, so it doesn’t make sense to spend all of it each week on these games.”

The book lists eight money behaviors of financially intelligent parents. Here are a few that will get you started:

Become a charitable family. Teach your children that they can do more with their money than spend it on themselves, and encourage them

to be more compassionate and caring. By participating as a family, you help your children learn empathy and responsibility toward others. Your children will realize they have the power to make life better for others.

Encourage a work ethic. A good work ethic is a learned behavior, and parents are the best models for their kids. Jon Gallo cites a Harvard University study that shows developing the capacity to work, or a work ethic, between 6 and 12 years old is the single biggest predictor of adult mental health.

You can help your children develop a good work ethic by assigning them chores that are to be done without expectation of being paid, encouraging them to always “do their best” as opposed to “being the best”, and encouraging them to get part-time jobs when they are old enough.

Parents need to be conscious of the values they model. “One of the most important things for a financially intelligent parent to be aware of is the messages that their own behavior sends to kids. That ranges from al-

ways needing the newest thing, to how you treat the clerk at the department store or the person who is parking your car,” says Jon Gallo.

“Are you demonstrating to your kids that because you have money, people working at a lesser job are less valuable people? You need to teach kids that money is something they have, not something they are. Their net worth and self worth are entirely different things. There are wonderful people without any money and not-so-wonderful people with a great deal of money. Give your kids money and good values, and they will treat money as a tool and be good, responsible people. Give them money without values, and who knows what they will be like,” he adds.

The way you spend your money sends messages to children about your values and priorities. Financially intelligent parents are highly conscious of their spending habits, how they balance their work and family time, and the values they communicate. 🌿

Shanna J. Kehoe is a Registered Representative of and offers securities, investment advisory and financial planning services through MML Investors Services, Inc. The Wealth Consulting Group is not an affiliate or a subsidiary of MML Investors Services, Inc.

The Adoption Exchange *Helping Kids Find “Forever Families”*

The Adoption Exchange is a not-for-profit organization that finds “forever families” for local children waiting to be adopted. With a growing office in Las Vegas, as well as the ability to serve Northern Nevada, it has a simple mission: to connect children in the foster care system with qualified families who want to adopt them.

It focuses on recruiting local families for children who have survived abuse and neglect, providing training and education to professionals who work in the field and providing information and support to families who adopt. It also offers classes on adoption and a lending library offering free literature on the subject.

Since it was founded in 1983, The Adoption Exchange has helped nearly 4,600 children nationwide – including hundreds in Nevada – find permanent homes.

“The Adoption Exchange is focused on the hard-to-adopt children,” said Assistant Clark County Manager Virginia Valentine, a member of the organization’s Nevada Advisory Committee. “Adoption is the best chance these children have to be cared for, to have a family, to just lead a normal life.”

Like other supporters, Valentine speaks from personal experience. As the parent of an adopted daughter, she said she has learned firsthand that “there’s a direct correlation between permanence and success.” She said children who move from one foster home to another are more likely to

have problems as adults, “and society pays for those problems through the justice system and the welfare system.”

Clark County District Judge Nancy Saitta, who chairs The Adoption Exchange’s Nevada Advisory Committee, sees what can happen when children grow up lacking a family foundation. Saitta, who was adopted as a child, was instrumental in opening the organization’s Nevada office in January of 2000. Since then, she has led the group’s growth, while watching the number of children needing its services soar.

In Clark County alone, Saitta said, more than 2,300 children are in foster care, with hundreds ready to be adopted at any given time. The number of local children needing shelter is increasing by nearly 30 percent per year. The need in Northern Nevada is also growing.

To spread the word, and to raise funds to support its services, The Adoption Exchange hosts an annual golf tournament and a Monopoly-themed fundraising event.

It also partners with Clark County’s Department of Family Services and other local adoption and government agencies to present an annual Adoption Fair. This year’s fair will be held Saturday, Nov. 4, from 11 a.m. to 2 p.m. at the Clark County Government Center in downtown Las Vegas. The ninth annual event is free and open to the public, offering food, fun and games for children, along with education for prospective parents.



Victoria, Cheyenne and Justin, shown from left to right, are seeking “forever families” by being featured as part of The Adoption Exchange’s Heart Gallery. Photo by Hank DeLespinasse.

Throughout November at the Clark County Government Center, prospective parents can visit the Nevada Heart Gallery, a traveling exhibit of compelling portraits featuring dozens of local children who are waiting for families.

The Adoption Exchange also makes connections through “Wednesday’s Child,” a television news segment on adoption that airs each Wednesday at 4:30 p.m. on KLAS-TV Channel 8 in Las Vegas.

By helping children find families, supporters say the charity also saves Nevada taxpayers hundreds of thousands of dollars annually. That’s based on national statistics showing state taxpayers spend an average of \$20,000 per year to care for each child in the foster care system. 

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Housing, a strong component of the economy the past few years, shows signs of weakening, both nationally and in Nevada. And, since housing generates more spending locally than many other activities, we should expect slower growth for the last half of 2006. Whether a slower housing market spills over to overall consumer spending remains to be seen.

In Nevada, the Clark County (Las Vegas) numbers are decidedly weaker than the Washoe County (Reno) numbers. All but one of the monthly indicators posted weaker numbers. Only taxable sales posted improvement for month-over-month changes, up a modest 2.0 percent. Reno, on the other hand, showed stronger growth in taxable sales, up 8.2 percent (month-over-month) and 6.4 percent for the same month (year-over-year).

Overall strong performance in the Silver State for the first half of 2006 should keep year-end numbers in the positive category, though the outlook is for a more modest last half of 2006.

Concern for inflation should motivate the Federal Reserve to keep interest rates up in the months ahead. The increasing discussion among Fed players, including Chairman Ben Bernanke, is "inflation targeting," and there is reason to believe inflation concern will likely come first. That is, faced with a slowing economy, the Fed is loath to let up on its targeted Fed-Fund rate for fear of letting inflation get out of hand.

All in all, we expect that Nevada will experience more modest expansion ahead, but should continue to rank among the better-performing state economies in the U.S.

	UNITS	DATES	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT (%)	YEAR AGO (%)	
NEVADA								
EMPLOYMENT	1,000 EMPLOYEES	07/06	1,288.1	1,288.6	1,225.5	0.0	5.1	Slow recent
UNEMPLOYMENT RATE	%, NSA	07/06	4.6	4.3	4.3	7.0	7.0	Up recently, but good
TAXABLE SALES	\$ BILLION	05/06	4.074	3.941	3.835	3.4	6.2	More modest growth
GAMING REVENUE	\$ MILLION	06/06	921.08	1,126.60	954.17	-18.2	-3.5	Down
PASSENGERS	PASSENGERS	06/06	4.412	4.385	4.352	0.6	1.4	Flat
GASOLINE SALES	MILLION GALLONS	05/06	96.74	96.80	98.53	-0.1	-1.8	Trend down
VISITOR VOLUME	MILLION VISITORS	06/06	4.229	4.376	4.367	-3.4	-3.2	Down
CLARK COUNTY								
EMPLOYMENT	1,000 EMPLOYEES	07/06	918.3	919.2	869.4	-0.1	5.6	Slightly off recent
UNEMPLOYMENT RATE	%, NSA	07/06	4.6	4.3	4.3	7.0	7.0	Up recently, but good
TAXABLE SALES	\$ BILLION	05/06	3.009	2.949	2.841	2.0	5.9	More modest growth of late
GAMING REVENUE	\$ MILLION	06/06	757.74	962.62	797.11	-21.3	-4.9	Down
RESIDENTIAL PERMITS	UNITS PERMITTED	07/06	2,232	3,708	3,517	-39.8	-36.5	Down
COMMERCIAL PERMITS	PERMITS	07/06	92	122	84	-24.6	9.5	Down recent
PASSENGERS	MILLION PERSONS	06/06	3.961	3.971	3.881	-0.2	2.1	Slightly off recent
GASOLINE SALES	MILLION GALLONS	05/06	66.19	67.62	68.65	-2.1	-3.6	Trend down
VISITOR VOLUME	MILLION VISITORS	06/06	3.574	3.747	3.683	-4.6	-2.9	Down
WASHOE COUNTY								
EMPLOYMENT	1,000 EMPLOYEES	07/06	227.3	226.7	217.6	0.3	4.5	Slow recent
UNEMPLOYMENT RATE	%, NSA	07/06	4.2	4.0	3.9	5.0	7.7	Up recently, but good
TAXABLE SALES	\$ BILLION	05/06	0.602	0.556	0.566	8.2	6.4	More modest growth
GAMING REVENUE	\$ MILLION	06/06	88.83	91.19	86.60	-2.6	2.6	Down recent
RESIDENTIAL PERMITS	UNITS PERMITTED	07/06	380	279	438	36.2	-13.2	Up recent, trend down
COMMERCIAL PERMITS	PERMITS	07/06	45	41	40	9.8	12.5	Up
PASSENGERS	MILLION PERSONS	06/06	0.445	0.409	0.456	8.7	-2.4	Up recent, trend down
GASOLINE SALES	MILLION GALLONS	05/06	15.69	14.74	14.49	6.5	8.3	Trend up
VISITOR VOLUME	MILLION VISITORS	06/06	0.453	0.420	0.476	7.9	-4.8%	Up recent, trend down
UNITED STATES								
EMPLOYMENT	MILLION, SA	07/06	135.354	135.241	133.617	0.1	1.3	Sluggish
UNEMPLOYMENT RATE	%, SA	07/06	4.8	4.6	5.0	4.3	-4.0	Up
CONSUMER PRICE INDEX	82-84=100, NSA	07/06	203.5	202.9	195.4	0.3	4.1	Up
CORE CPI	82-84=100, NSA	07/06	206.2	205.9	200.8	0.1	2.7	Up
EMPLOYMENT COST INDEX	89.06=100, SA	2Q06	101.7	100.8	98.8	0.9	2.9	Up
PRODUCTIVITY INDEX	92=100, SA	2Q06	138.6	138.2	134.9	0.3	2.7	Holding
RETAIL SALES GROWTH	\$ BILLION, SA	07/06	367.941	362.874	351.454	1.4	4.7	Up
AUTO AND TRUCK SALES	MILLION, SA	07/06	17.14	16.12	20.68	6.3	-17.1	Sluggish
HOUSING STARTS	MILLION, SA	07/06	1.795	1.841	2.070	-2.5	-13.3	Down
GDP GROWTH	\$ BILLION, SA	2Q06	11,385.3	11,316.4	11,001.8	0.6	3.5	Good, but slowing
U.S. DOLLAR	97.01=100	07/06	108.510	108.760	112.120	-0.2	-3.2	Down again
TRADE BALANCE	\$ BILLION, SA	06/06	-64.804	-64.974	-58.419	0.3	-10.9	Trend down
S&P 500	MONTHLY CLOSE	07/06	1,276.66	1,270.20	1,234.18	0.5	3.4	Up of late
REAL SHORT-TERM RATES	%, NSA	07/06	4.65	4.59	2.76	1.3	68.5	Up
TREASURY YIELD SPREAD	%, NSA	07/06	0.01	0.19	0.89	-94.7	-98.9	Flat

SOURCES: Nevada Department of Taxation; Nevada Department of Employment, Training and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce, U.S. Bureau of Labor Statistics, U.S. Census Bureau; U.S. Federal Reserve Bank.

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