



**NEVADA LEGISLATURE
LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY
THE DEVELOPMENT AND PROMOTION OF LOGISTICS AND
DISTRIBUTION CENTERS AND ISSUES CONCERNING
INFRASTRUCTURE AND TRANSPORTATION**

(Assembly Concurrent Resolution No. 30, File No. 96, *Statutes of Nevada 2009*)

SUMMARY MINUTES AND ACTION REPORT

The first meeting of the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation was held on Monday, January 25, 2010, at 9 a.m. in Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. A copy of this set of "Summary Minutes and Action Report," including the "Meeting Notice and Agenda" ([Exhibit A](#)) and other substantive exhibits, is available on the Nevada Legislature's website at <http://www.leg.state.nv.us/interim/75th2009/committee/>. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835).

SUBCOMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Kelvin D. Atkinson, Chair
Senator Shirley A. Breeden, Vice Chair
Senator Bob Coffin
Senator Dennis Nolan
Senator David R. Parks
Assemblywoman Barbara E. Buckley

SUBCOMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Maurice E. Washington
Assemblywoman Heidi S. Gansert

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Marjorie Paslov Thomas, Principal Research Analyst, Research Division
Wayne Thorley, Senior Research Analyst, Research Division
Heidi A. Chlarson, Principal Deputy Legislative Counsel, Legal Division
Darcy L. Johnson, Deputy Legislative Counsel, Legal Division
Lucinda Benjamin, Senior Research Secretary, Research Division

OPENING REMARKS AND INTRODUCTIONS

- Chair Atkinson welcomed members, presenters, and the public to the first meeting of the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation. He provided an overview of the Subcommittee's roles and responsibilities and introduced the Subcommittee members and staff.
- Speaker Buckley commented on: (1) renewable energy and logistics; (2) examination of natural resources; and (3) Nevada's strengths in developing economic diversification to create more jobs and a vibrant Nevada economy. Subcommittee members commented on their interests in the goals of the Subcommittee.

REVIEW OF THE SUBCOMMITTEE'S DUTIES AND RESPONSIBILITIES

- Marjorie Paslov Thomas, Principal Research Analyst, Research Division, Legislative Counsel Bureau (LCB), provided a brief overview of Assembly Concurrent Resolution No. 30.

REVIEW OF SIGNIFICANT LEGISLATION FROM THE 75TH SESSION OF THE NEVADA LEGISLATURE AND SCOPE OF THE SUBCOMMITTEE'S STUDY ON THE DEVELOPMENT AND PROMOTION OF LOGISTICS AND DISTRIBUTION CENTERS AND ISSUES CONCERNING INFRASTRUCTURE AND TRANSPORTATION

- Barbara E. Buckley, Speaker of the Assembly, Nevada Legislature, provided a review of the enactment history of A.C.R. 30 by the 2009 Legislature, as well as the scope of the interim study. Speaker Buckley conducted a Microsoft PowerPoint presentation on the integration of transportation systems in Nevada for rail freight, air cargo, and truck fleet delivery, which included: (1) freight tonnage; (2) freight corridors; (3) freight volumes; (4) projected growth in the number of freight trains per day; (5) air freight; (6) interstate highway systems; (7) freight flows by truck; and (8) transportation corridors in Nevada. Speaker Buckley provided further information on business logistics, development goals for Nevada, funding mechanisms, and public policy issues. (Please see [Exhibit B.](#))

- Senator Nolan commented on tax comparisons between Nevada and surrounding states and the development of logistics centers to manage the flow of products.
- Speaker Buckley emphasized the need to gather information from the private sector on incentives for businesses to locate in certain states, which includes: (1) tax incentives; (2) supportive public policies; and (3) Nevada's educational system.

PRESENTATION OF RENO-TAHOE INTERNATIONAL AIRPORT'S CURRENT AND FUTURE INFRASTRUCTURE TO SUPPORT LOGISTICS AND DISTRIBUTION CENTERS

- Krys T. Bart, President and Chief Executive Officer (CEO), Reno-Tahoe International Airport (RNO), presented information on: (1) the types of aircraft available to provide services; (2) times of operation; (3) control tower operations; (4) landing systems; (5) runway length; (6) state-of-the-art snow removal equipment; (7) emergency response capabilities; (8) foreign trade zones; and (9) customs and immigration services. She also provided information on expansion opportunities for the RNO, plans for air cargo development, and freight movement. In addition, Ms. Bart included information on international markets including Asian air trade markets, cargo values, cargo growth, and catchment areas in the western United States. She summarized the opportunities that RNO has in airfield capacity, land availability for expansion, State funding, shovel-ready improvement projects, and strengths and weaknesses of Nevada's location in the western U.S. (Please see [Exhibit C](#).)

Discussion ensued between Senator Nolan and Ms. Bart regarding warehouse facility expansion or manufacturing possibilities around the RNO, availability and use of land, and runway extension. Ms. Bart stated a runway extension is not anticipated in the near future.

- In response to questions from Senator Coffin, Ms. Bart stated that the RNO noise imprint has decreased 50 percent over the last decade due to improved technology of aircraft engines and sound insulation for houses, which has been provided to homeowners located near the RNO with a 98 percent success rate.
- Responding to questions from Senator Washington, Ms. Bart informed the Subcommittee of strategies for working with the Tahoe-Reno Industrial Center (TRIC) in Storey County, Nevada, the Nevada Transport Association; and the Economic Development Authority of Western Nevada (EDAWN) concerning the development of a transportation hub in northern Nevada. Ms. Bart commented on the coalition of effort to work on economic diversification. She said that cargo movement in recent years has grown by 15 percent to 20 percent at the RNO, and added RNO is working with these partners to develop five- to ten-year cargo projections that include Asian markets and markets in South America. Ms. Bart provided information on logistic capabilities and present and future cargo service needs of new businesses which may relocate to northern Nevada. She indicated that RNO was not selected as a hub for the U.S. Postal Service, but stated that the Federal Express (FedEx) small package ground service is located

on RNO property, which provides important infrastructure for future development of transportation logistics.

- In response to a query from Senator Parks, Ms. Bart stated that the altitude of the RNO is 4,400 feet, and there is one runway long enough to handle any aircraft any time of the day. Ms. Bart explained that large cargo shipments are generally moved during the cooler parts of the day, but she saw no issues regarding weather at the air field that would adversely affect cargo shipments. However, she added there would be a small penalty for a fully-loaded cargo aircraft using the RNO in the middle of a hot summer day, because changes in temperature affect cargo activity.

PRESENTATION ON CLARK COUNTY DEPARTMENT OF AVIATION'S CURRENT INFRASTRUCTURE TO SUPPORT LOGISTICS AND DISTRIBUTION CENTERS AND OVERVIEW OF A PROPOSED AIRPORT IN IVANPAH VALLEY, NEVADA

- Randall H. Walker, Director, Clark County Department of Aviation, was not available to make a presentation and Rosemary Vassiliades, Deputy Director, McCarran International Airport, presented in his absence.
- Rosemary Vassiliades presented a brief overview of the Airport's air cargo center and infrastructure capacity, cargo operations and flights, and the expansion of cargo facilities including Terminal No. 3, which is scheduled to open by mid-2012. In response to questions from Subcommittee members, Ms. Vassiliades explained that expansion of Interstate 15 (I-15) and the addition of a truck lane was a positive element in cargo movement operations in the Las Vegas area. Ms. Vassiliades stated that the Airport handles an average of 15 million pounds of cargo per month and to increase that amount would require additional: (1) rail facilities; (2) infrastructure; and (3) transfer points, such as the APEX Industrial Center.

Continuing, she discussed the planned full-service commercial airport at Ivanpah, Nevada, which would be used for international and domestic airlines, and said the airport project is currently in the Environmental Impact Statement phase. Ms. Vassiliades discussed staffing at the planned Ivanpah airport, but no specific number of potential jobs could be estimated since operations are not scheduled to begin until the year 2020. Responding to questions from the Subcommittee, Ms. Vassiliades stated the proposed Ivanpah airport would be a supplemental airport to be used once capacity was reached at the Airport. She added the Terminal No. 3 expansion would include international carriers as well as domestic airlines, with 6 of the 14 gates dedicated to international carriers. She stated the Terminal No. 3 expansion project created approximately 2,000 positions during construction, and she estimated current employment to be 1,800 persons. Responding further, she explained there is no plan to investigate the use of a high-speed train as a part of Airport operations. (Please see [Exhibit D.](#))

- Speaker Buckley was of the opinion that the Airport could play an important role in logistics management and economic diversification for Nevada. Ms. Vassiliades commented on the

demolition of Terminal No. 2 upon the opening of Terminal No. 3, which would create available land for airfield operations.

PRESENTATION ON NEVADA'S TRANSPORTATION INFRASTRUCTURE

- R. Scott Rawlins, P.E., C.P.M., Deputy Director and Chief Engineer, Nevada's Department of Transportation, conducted a Microsoft PowerPoint presentation, which included information on: (1) Nevada's highway usage; (2) urban and rural highway use and maintenance; (3) interstate commerce; (4) traveler information systems in Nevada and surrounding states; and (5) public safety. Mr. Rawlins noted that Las Vegas ranks in the top 30 most congested metropolitan areas in the U.S. He commented on the rising cost of gasoline, which reduces the purchasing power of any gasoline tax; delays in highway improvements; and the negative impacts of congestion on Nevada's economy. Continuing, Mr. Rawlins noted current opportunities include: (1) pending federal funds for congestion relief projects in southern Nevada and operational improvements on Interstate 80 (I-80); (2) private sector innovations to deliver projects faster and more efficiently; (3) operational improvements; (4) improved safety initiatives; and (5) cost-effective asset management.

A discussion ensued between Senator Nolan and Mr. Rawlins regarding the importance of developing a coalition with southern California to create public-private partnerships to investigate user fees, truck-only lanes, traffic lane management, additional connections to traffic corridors, and potential legislation to support development.

- In response to Chair Atkinson's query, Mr. Rawlins stated that transportation systems would play an integral role in Nevada's future economic development projects, attracting businesses to the State, and developing logistical hubs in Nevada. (Please see [Exhibit E.](#))

OVERVIEW OF OPPORTUNITIES AND OBSTACLES FOR THE WAREHOUSING INDUSTRY IN NEVADA FROM THE PERSPECTIVE OF REPRESENTATIVES FROM THE MOTOR CARRIER AND MANUFACTURING INDUSTRIES

- Raymond Bacon, Executive Director, Nevada Manufacturers Association, informed the Subcommittee of pending legislation in California that has the potential to dramatically raise the cost of doing business in California, which may influence business decisions to relocate out of California. Mr. Bacon provided a brief introduction of Paul Enos, CEO, Nevada Motor Transport Association, and the presentation on trucking operations in Nevada. (Please see [Exhibit F.](#))
- Paul Enos, previously identified, stated that he has gathered information from FedEx and other similar companies on what factors would influence a decision to expand operations in Nevada. He noted that Nevada ranks sixteenth in the nation for costs of owning and operating a cargo truck. Mr. Enos stated that since 2006 there has been a 26 percent decrease in the number of trucks operating in Nevada. He was of the opinion that Nevada is losing trucking operations to other states for various reasons,

which include: (1) lower taxes and fees in other states; (2) no sales tax on truck purchases in some states; (3) Nevada's high vehicle registration fees; and (4) Nevada's high tax rate on rolling stock. In addition, Mr. Enos informed the Subcommittee that 33 states have sales tax exemptions for truck purchases. He stated some states have a flat registration fee, which incentivizes operators to add safety components, improve fuel efficiency of their vehicles, or make vehicles more environmentally friendly without having to pay higher registration fees based on those improvements. He pointed out Nevada's benefits for truck operators, which include: (1) smooth roads; (2) access to I-80; and (3) long combination vehicle allowances, such as double or triple trailer combinations over 70 feet long. Continuing, he stated there are 19 western states that permit long combination vehicles, which increases efficiency of trucking operations for companies doing business in those states. In conclusion, Mr. Enos offered suggestions to the Subcommittee for attracting large trucking companies to Nevada and to promote expansion of smaller companies, which included: (1) staggered registration of vehicles; and (2) permanent trailer registration.

- Mr. Bacon provided information on reasons companies relocate logistic facilities from California. He was of the opinion that there is a link between renewable energy and logistics, and Nevada could become a leader in renewable energy operations. He provided information about solar energy collection systems and stated that having major logistics hubs in Nevada would facilitate economic development. Mr. Bacon stated one of the impediments to the increased use of solar energy collection systems on privately owned buildings are the fees added to building permits, which increases the assessed valuation for property taxes. Mr. Bacon discussed various options to enhance Nevada's economy and ability to control logistics for the western U.S., which include: (1) energy savings through green building construction; (2) feed-in tariff rates for utility costs; (3) commercial use of renewable energy in Nevada; (4) power transmission lines and loads; and (5) development of logistic operations at Ivanpah and Elko, Nevada.
- In response to questions from Assemblyman Atkinson, Mr. Bacon stated that a major concern is what action is taken in California on pending legislation. He stated that legislation would play a key role in business decisions to relocate to Nevada based on logistics and distribution of goods in the western U.S. He discussed the types of items that might be transported.
- Mr. Enos stated that there is a seamless transition to jobs in warehousing, packing, and shipping, which could be advantageous to the existing labor force in Nevada. He noted that Nevada has the infrastructure and types of manufacturing businesses that could support economic development diversification.
- In response to a query from Assemblywoman Gansert regarding building codes, Mr. Bacon explained that there are numerous new building materials, and he proposed recommendations to the Subcommittee, which include: (1) building inspectors and building codes be updated on the new materials; (2) workers be trained to use the new

materials; and (3) Nevada's governmental entities establish applicable codes that are consistent among counties.

OVERVIEW OF NEVADA'S ECONOMIC VITALITY

- Alan M. Schlottmann, Ph.D., Professor of Economics, Department of Economics, University of Nevada, Las Vegas, provided summary comments based on a research study completed in 2009 titled "A Strategic Analysis of Southern Nevada's Economy: Implication of Industrial Land Constraints for Regional Growth and Income." (Please see [Exhibit G](#) and [Exhibit H](#).) Dr. Schlottmann discussed two key issues from the study, which include: (1) creation of a competitive advantage for southern Nevada in the southwestern U.S. for a large-scale warehouse and distribution center market; and (2) implications for the long-term sustainability of southern Nevada's economy, if a viable sector is not imminent.

Dr. Schlottmann presented the conclusions of the report as:

1. The ability to locally manufacture/assemble products for local consumption and for export to Southern California and/or Phoenix, Arizona, dramatically and positively change the calculus for distribution in Southern Nevada; and
2. Conceptually and positively, Southern Nevada does have the potential ability to act as a regional distribution center to all or a portion of the Southwest, assuming that appropriate sites are available that do not suffer "bottlenecks" relative to interstate access.

Dr. Schlottman discussed forecasts in employment, population, per capita income, and the cumulative impact of 5 percent to 10 percent cost differentials for business decisions to locate in Nevada. He discussed the development of hypothetical distribution centers in Nevada and California. He noted that there are two basic issues to discuss, which include: (1) lease rates for land; and (2) lack of economic diversification in Nevada. Dr. Schlottman discussed freight rates and the costs between rail and truck transport. He supported the possibility that Nevada could develop a logistical corridor for transporting goods and services from which to project figures and develop models to examine various scenarios for strategic analysis of southern Nevada's economy. He discussed development issues for the proposed Ivanpah airport and APEX Industrial Center.

- Senator Nolan questioned what type of economic diversification could entice companies to relocate operations to Nevada and how important education issues are in decisions to relocate a business. Dr. Schlottmann was of the opinion that major determinants include access to markets, quality of the workforce, and state tax issues. **OVERVIEW OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT IN NEVADA**

- Dale S. Rogers, Ph.D., Foundation Professor, Logistics and Supply Chain Management, and Director, Center for Logistics Management, University of Nevada,

Reno, conducted a Microsoft PowerPoint presentation titled “Logistics and Supply Chain Management Overview,” that included issues on site selection, logistics, supply chain management, and employment statistics. The presentation included information on: (1) jobs by industry for 1999 to 2009 for the U.S.; (2) jobs by industry for 1998 to 2008 for Reno-Sparks and Las Vegas, Nevada; (3) worker hourly compensation; (4) supply chain management; (5) logistics; and (6) site location. (Please see [Exhibit I.](#))

Dr. Rogers was of the opinion that most companies outsource their manufacturing segments and in many cases out source their distribution. Dr. Rogers provided information about multiple delivery models around the world including transportation routes and warehousing of products. Continuing, he stated that over the last 25 years the number of distribution centers in the U.S. has declined and that over the next 30 years, countries with low-cost wages will increase competition for jobs on a global basis, and lower labor costs in Asia outweigh transportation lead time, which boosts inventory costs.

Discussion ensued between Senator Washington and Dr. Rogers regarding tariffs in the auto industry, foreign trade zones, right-to-work laws, and the effects of union development on the creation of portals. Dr. Rogers stated that historically, warehousing developed in Nevada because products flowing from the eastern U.S. stopped in Nevada where there was no inventory tax before moving into California. However, in recent years transportation costs have increased, so now the bulk of durable goods are entering the port at Long Beach, California.

- Continuing, Dr. Rogers indicated that in the next two or three years if currency or other issues arise or transportation costs increase, manufacturing in China may become less attractive. He noted that logistics costs are being examined by businesses, which may necessitate more and smaller warehousing facilities, especially if transportation costs rise. Dr. Rogers closed the presentation with a graphic representation of site selection studies, which generally are based on: (1) increases in transportation costs based on price per gallon of fuel; (2) inventory-carrying costs; and (3) material-handling costs at a selected site or facility.

OVERVIEW OF ECONOMIC DEVELOPMENT IN NEVADA

- Michael E. Skaggs, Executive Director, Nevada’s Commission on Economic Development, conducted a Microsoft PowerPoint presentation titled “Welcome to a Brighter Nevada.” (Please see [Exhibit J.](#)) Mr. Skaggs discussed Nevada’s current business climate, which includes: (1) regulatory environment; (2) tax structure; (3) market proximity; (4) site location consultant issues; and (5) job creation. He was of the opinion that Nevada’s weaknesses include a lack of funding for workforce training or retraining in manufacturing, job creation, and assistance for companies to relocate to Nevada. He referenced a news article that discussed diversification of Nevada’s economy and compared marketing expenditures in Nevada for the hospitality industry versus the economic development industry, which were \$150 million and

\$8 million, respectively. Mr. Skaggs presented an excerpt from a recent study conducted by the Commission for a solar manufacturing project, which compared tax and other incentives between Clark County and the cities of Albuquerque, Phoenix, and Salt Lake City. The entire study will be provided to the Subcommittee by Mr. Skaggs. In conclusion, he noted one of Nevada's strengths is the good working relationship between the private sector and State leaders to promote industries in the state.

- Speaker Buckley commented on Nevada's current incentive programs for attracting businesses to the State, and offered a suggestion to collapse existing programs and to create a rebate program for businesses in certain industries to relocate to Nevada.
- Somer Hollingsworth, President, Nevada Development Authority, supported Nevada's existing business incentives, which include: (1) proximity to the Arizona and California markets; (2) favorable workers' compensation program; (3) pro-business legislation; (4) business-friendly State and local governments; and (5) no corporate or State income tax.
- Senator Nolan restated the need to consolidate resources and to identify targeted industries to relocate to Nevada. He noted the challenges include air, rail, and roadway infrastructure to transport goods to markets and supported the idea of combining the efforts of EDAWN, the Commission on Economic Development, small businesses, and other entities to create recommendations to the Legislature for a targeted marketing strategy for specific industries.
- Mr. Skaggs was of the opinion there is a need for a trained labor force, investments in training, and a focus on high-wage jobs to support economic development in Nevada.
- Chuck Alvey, President and CEO, EDAWN, presented information on the industries and companies that have been targeted by EDAWN for relocation to Nevada and submitted a document titled, "Target 2010 Northern Nevada's New Economy." (Please see [Exhibit K](#).) He stated that the criteria logistics companies are looking for include: (1) a trained and educated workforce; (2) air, rail, and truck transport; (3) transportation infrastructure; (4) a low inventory tax; and (5) affordable land. Mr. Alvey noted that large distribution businesses locate near mid-sized areas with large metropolitan centers with strong airports, such as Nevada. Continuing, Mr. Alvey pointed out Nevada's advantages include location and proximity to California; airport, highway and rail infrastructure; a business-friendly environment; a favorable tax structure; large industrial real estate vacancies; and unemployment, which equates to available workers. He stated his organization and others are using the media to promote Nevada's image as a good place to do business. In summary, he noted how important it is to have funding to perform worker training, public relations and marketing tasks, as well as having access to capital and cash incentives to attract business and industry to Nevada.

- In response to questions from Senator Washington, Mr. Alvey stated economic development and tourism are the largest components used to bring business and jobs to Nevada and pointed out that EDAWN, the Nevada Development Authority, and Nevada's Commission on Economic Development work very closely to promote Nevada to businesses planning to relocate. Mr. Alvey offered to submit EDAWN's marketing, retention, and expansion plans to the Subcommittee and estimated Nevada's current return-on-investment dollar ratio is 135 to 1.
- Chair Atkinson asked the presenters to submit proposed recommendations for attracting businesses to Nevada for the next meeting of the Subcommittee. Somer Hollingsworth, previously identified, added that economic diversification generates tax revenue, and Nevada currently has an opportunity to change the direction of tax revenue streams to diversify its economy and balance it with the gaming industry. He was of the opinion that Nevada could be the focal point in developing a "megawest" business center for the U.S. over the next 10 to 15 years.

PRESENTATION ON TAHOE-RENO INDUSTRIAL CENTER (TRIC)

- Yvonne Murphy, Lobbyist, Tahoe-Reno Industrial Center (TRIC), offered to submit information to the Subcommittee on combining tourism and economic development.
- L. Lance Gilman, Broker, TRIC, provided a brief overview of the Center, and the infrastructure and public and private partnerships used to promote business development in northern Nevada. He stated that approximately 400 acres have been utilized by the Center and described the other incentives offered by TRIC to entice businesses to locate in Nevada. Mr. Gilman discussed Nevada's business tax structure and the lack of available financing for businesses planning to relocate. He suggested forming a study group to investigate the cost of power; availability of and guaranteed access to water; and rail transport through Nevada, which he opined were some of the issues that prevented business relocations to northern Nevada over the last 18 months. He explained the savings generated by privately capitalizing the construction of a freeway interchange from I-80 to U.S.A. Parkway and stated an extension of the Parkway to U. S. Highway 50 could be constructed for \$40 million using a public-private partnership. (Please see [Exhibit L.](#))

Discussion ensued between Mr. Gilman and Senator Nolan about the cost of power, renewable energy incentives, and the benefits that accrue to Nevada and its residents.

- Senator Washington supported the suggestion to organize a group of stakeholders to develop a strategic five- to ten-year plan for the State of Nevada with timelines and measureable development tasks to investigate the issues discussed during this meeting.
- Chair Atkinson reiterated the need for a strategic plan and explained that the Subcommittee is authorized to develop five bill draft requests for the 2011 Legislative Session.

PRESENTATION ON MOUNTAIN VIEW INDUSTRIAL PARK IN LAS VEGAS, NEVADA

- Adam Titus, President, Industrial Properties Development, Inc., presented information about the APEX Industrial Park and referenced H.R. 1485 (“APEX Project, Nevada Land Transfer and Authorization Act of 1989”) of the 101st United States Congress, which was enacted after the Pacific Engineering Production Company of Nevada (PEPCON) chemical plant explosion in Henderson, Nevada, on May 4, 1988. Mr. Titus stated the PEPCON explosion created the need for APEX, which is located outside of population centers but close enough to be an easy commute for workers. Continuing, he noted the location of APEX was ideally suited to relocate hazardous or dangerous chemicals or manufacturing processes from densely populated areas to a more remote area in Clark County. Mr. Titus opined the potential of APEX had not been realized because the cost of relocating a business was very expensive, it required extensive infrastructure, and there was no economic incentive for Henderson businesses to relocate. He explained that recently APEX was annexed into the City of North Las Vegas, and through agreements with Nellis Air Force Base (AFB) and private landowners, an overlay district was created, which supported the mission of Nellis AFB and allowed for a fully-functional industrial park.

Continuing, Mr. Titus was of the opinion that future development of APEX would require: (1) a standardized municipal permit approval process; (2) easy access to utilities; (3) cost reimbursements for capital improvements; and (4) public infrastructure requirements that are clearly identified. In conclusion, Mr. Titus informed the Subcommittee that he met with the Board of Supervisors of Los Angeles County, California, and learned of a potential opportunity to provide a location northeast of the population centers in southern California to warehouse products that would eventually travel further north. The Supervisors were attempting to reduce truck emission pollution by quickly moving shipboard containers to railcars, which would then be removed by rail from densely populated areas. In response to a query from Senator Coffin, Mr. Titus will submit a narrative to supplement his presentation to the Subcommittee. (Please see [Exhibit M.](#))

- In response to questions from the Subcommittee, Mr. Titus explained APEX has approximately 21,000 acres set aside for industrial development, of which 10,000 acres are held by 100 private owners. He provided information about truck traffic and constraints on I-15, possible use of rail for transporting goods, and time frames for shipping routes from APEX to southern California. Mr. Titus stated that APEX annexed an area in excess of 10,000 acres to the City of North Las Vegas, which was completed during the last 12 months. He further explained that the demand for infrastructure services has remained static, however, the City of North Las Vegas is assisting APEX to develop an interim solution to provide water, sewer, and transportation services, incrementally, as businesses relocate to APEX. In addition, Mr. Titus stated if required public works projects such as fire or police stations could

be approved on a regional basis, it would lower costs for the initial businesses that locate at APEX.

PRESENTATION ON THE LAS VEGAS INDUSTRIAL MARKET

- John Restrepo, Principal, Restrepo Consulting Group LLC, conducted a Microsoft PowerPoint presentation titled “2010 Southern Nevada Economic Briefing.” (Please see [Exhibit N.](#)) The presentation provided information on: (1) national economic indicators; (2) Nevada and Clark County economies; (3) the resort industry; (4) Las Vegas visitor volume; (5) Clark County gaming revenue; (6) Clark County and U.S. job growth; (7) Nevada economic indicators; (8) taxable retail sales; (9) Clark County demographics; and (10) Las Vegas Valley industrial market trends.

In response to questions from the Subcommittee, Mr. Restrepo explained that population growth is generally produced by in-migration, domestic and foreign migration, and natural migration, and noted that recently Nevada has experienced an out-migration of population. He added that access to transportation is very important to accommodate growth, so having industrial space can benefit future development, and he opined that Clark County has approximately a two-year supply of industrial space with affordable rental rates, which makes Las Vegas more competitive with cities in surrounding states.

- Concluding, Mr. Restrepo was of the opinion that the future of commercial real estate is unsure at present, consumer spending will recover slowly, and a sustained recovery with six months of steady job growth may occur in 2011. He referenced information submitted by Dr. Schlottmann, previously identified, pertaining to logical economic development clusters, which address the quality of growth, and include:

1. education and training institutions;
2. homeland security;
3. hospitals and related health;
4. information and communication technology;
5. life sciences;
6. regional offices; and
7. research and development.

He noted that the development of a trained workforce and the quality of the workforce is vital to future development in Nevada, which includes developing educational and vocational training centers for skilled occupations.

In response to questions from the Subcommittee, Mr. Restrepo discussed sustained economic recovery, from the downturn in the business cycle, which includes steady growth of quality jobs over a period of time. He stated the challenge is to examine the long-term future of the State, and the recovery from the national or global recession, which will require the growth of individuals' balance sheets after a period of frugality and a decline in individual and business debt. Mr. Restrepo commented on the tax structure in Nevada, and opined that the health of the private sector tax base has a direct relationship to public sector revenue.

Discussion ensued between Senator Nolan and Mr. Restrepo about warehouse distribution, the manufacturing industry, and diversification of industries, which would reduce the negative effects of future downturns in the economy.

PUBLIC COMMENT

- Michael Majewski, Economic Development Director, City of North Las Vegas, complimented the Subcommittee on its goals and activities and asked that local government be included in the focus groups to examine economic diversification. Mr. Majewski emphasized the need for market incentives and fully-developed industrial parks for businesses. He commented on the importance of long-range planning and the synergy of federal, state, and local entities involved in examining problems and developing strategies for diversification of Nevada's economy.
- Raymond Bacon, previously identified, stated that John W. Peddie, Senior Vice President of Warehouse Operations, OAL Industries, will submit information to the Subcommittee for consideration.

SCHEDULING OF FUTURE MEETINGS

- Marjorie Paslov Thomas, Principal Research Analyst, Research Division, LCB, offered a brief review of the Subcommittee's schedule for the 2009-2010 Legislative Interim. The Subcommittee approved a 2010 calendar of meetings for March 15, April 26, May 24, and June 21. Chair Atkinson informed the Subcommittee that all the meetings will be videoconferenced to Carson City and Las Vegas, the May 24, 2010, meeting will be held in Elko, Nevada, and a tour is scheduled for the Reno-Tahoe Industrial Center in northern Nevada during the interim. (Please see [Exhibit O.](#))

ADJOURNMENT

There being no further business to come before the Subcommittee, the meeting was adjourned at 4:02 p.m.

Respectfully submitted,

Lucinda Benjamin
Senior Research Secretary

Marjorie Paslov Thomas
Principal Research Analyst

APPROVED BY:

Assemblyman Kelvin D. Atkinson, Chair

Date: _____

LIST OF EXHIBITS

[Exhibit A](#) is the “Meeting Notice and Agenda” provided by Marjorie Paslov Thomas, Principal Research Analyst, Research Division, Legislative Counsel Bureau (LCB).

[Exhibit B](#) is a Microsoft PowerPoint presentation titled “Transforming Nevada Into a Major West Coast Logistics Center,” dated January 21, 2010, presented by Barbara E. Buckley, Speaker of the Assembly, Nevada Legislature.

[Exhibit C](#) is a Microsoft PowerPoint presentation titled “Economic Diversification and Logistics: The Future is Now at Reno-Tahoe International Airport,” dated January 25, 2010, presented by Krys T. Bart, President and Chief Executive Officer, Reno-Tahoe International Airport.

[Exhibit D](#) is a Microsoft PowerPoint presentation titled “Airport Infrastructure Overview,” dated January 25, 2010, presented by Rosemary Vassiliades, Deputy Director, McCarran International Airport.

[Exhibit E](#) is a Microsoft PowerPoint presentation titled “Overview of Nevada Highways,” presented by R. Scott Rawlins, P.E., C.P.M., Deputy Director and Chief Engineer, Nevada’s Department of Transportation.

[Exhibit F](#) is written testimony submitted by Raymond Bacon, Executive Director, Nevada Manufacturers Association, and Paul Enos, CEO, Nevada Motor Transport Association.

[Exhibit G](#) is a summary report submitted by Alan M. Schlottmann, Ph.D., Professor of Economics, Department of Economics, University of Nevada, Las Vegas.

[Exhibit H](#) is a report titled “A Strategic Analysis of Southern Nevada’s Economy: Implication of Industrial Land Constraints for Regional Growth and Income,” submitted by Alan M. Schlottmann, Ph.D., Professor of Economics, Department of Economics, University of Nevada, Las Vegas.

[Exhibit I](#) is a Microsoft PowerPoint presentation titled “Logistics and Supply Chain Management Overview,” presented by Dale S. Rogers, Ph.D., Foundation Professor, Logistics and Supply Chain Management, and Director, Center for Logistics Management, University of Nevada, Reno.

[Exhibit J](#) is a Microsoft PowerPoint presentation titled “Welcome to a Brighter Nevada” presented by Michael E. Skaggs, Executive Director, Nevada’s Commission on Economic Development.

[Exhibit K](#) is a report titled “Target 2010 Northern Nevada’s New Economy” submitted by Chuck Alvey, President and CEO, Economic Development Authority of Western Nevada.

[Exhibit L](#) is a written outline of testimony dated January 25, 2010, submitted by L. Lance Gilman, Broker, Tahoe–Reno Industrial Center, and Yvonne Murphy, Lobbyist, Tahoe–Reno Industrial Center.

[Exhibit M](#) contains maps of the APEX Industrial Park and statistical charts dated January 25, 2010, submitted by Adam Titus, President, Industrial Properties Development, Inc.

[Exhibit N](#) is a Microsoft PowerPoint presentation titled “2010 Southern Nevada Economic Briefing” dated January 25, 2010, presented by John Restrepo, Principal, Restrepo Consulting Group, LLC.

[Exhibit O](#) is a memorandum dated January 7, 2010, regarding a tentative timetable of the Subcommittee’s meetings submitted by Marjorie Paslov Thomas, Principal Research Analyst, Research Division.

This set of “Summary Minutes and Action Report” is supplied as an informational service. Exhibits in electronic format may not be complete. Copies of the complete exhibits, other materials distributed at the meeting, and the audio record are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm or telephone: 775/684-6827.