



NEVADA LEGISLATURE NEVADA VISION STAKEHOLDER GROUP

(Senate Concurrent Resolution No. 37, File No. 102, *Nevada Revised Statutes 2009*)

SUMMARY MINUTES AND ACTION REPORT

The fourth meeting of the Nevada Legislature's Nevada Vision Stakeholder Group was held on February 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 2134 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).

GROUP MEMBERS PRESENT IN LAS VEGAS:

Robert E. Lang, Ph.D., Chair, Brookings Mountain West and Department of Sociology, University of Nevada, Las Vegas (UNLV)
Peter C. Bernhard, Cleveland Clinic Nevada
Doug Busselman, Nevada Farm Bureau Federation
Rene Cantu, Jr., Ph.D., Latin Chamber of Commerce Foundation
Alan Feldman, MGM Mirage, Inc.
Marsha Irvin, Andre Agassi College Preparatory Academy
Janelle Kraft Pearce, Las Vegas Metropolitan Police Department, Retired
Boyd Martin, Boyd Martin Construction and Associated General Contractors, Las Vegas Chapter
John Packham, Ph.D., University of Nevada School of Medicine
Thomas A. Perrigo, AICP, City of Las Vegas
Susan Rhodes, LASW, National Association of Social Workers, Nevada Chapter
Brian Rippet, Nevada State Education Association
Keith Smith, Boyd Gaming Corporation
Donald D. Snyder, The Smith Center for the Performing Arts
Cedric D. Williams, North Las Vegas Fire Department

GROUP MEMBERS PRESENT IN CARSON CITY:

Robert Lee Potter, American Federation of State, County, and Municipal Employees
Terry J. Reynolds, The Reynolds Company
Katy Simon, Washoe County

GROUP MEMBERS ABSENT:

Joseph E. Dini, Jr., Nevada Assembly Speaker Emeritus
Douglas D. Dirks, Employers Holdings, Inc.
Paul Dugan, Washoe County School District, Retired
Dan Goulet, United Way of Southern Nevada
Devin Reiss, Nevada Association of Realtors
Jacob L. Snow, Regional Transportation Commission of Southern Nevada
Denise Tanata Ashby, Nevada Institute for Children's Research and Policy,
UNLV
Sylvia Young, FACHE, Sunrise Hospital and Medical Center

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

David Ziegler, Principal Research Analyst, Research Division

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Donald O. Williams, Research Director, Research Division
Susan E. Scholley, Chief Principal Research Analyst, Research Division
C. J. Smith, Secretary, Research Division

INTRODUCTION AND OPENING REMARKS

- Robert E. Lang, Chair, called the meeting to order. He said he had Legislative Counsel Bureau (LCB) staff distribute a report titled, *The State of the States 2010, How the Recession Might Change States*, by the Pew Center on the States, Washington, D.C., which mentions Nevada's revenue study ([Exhibit B](#)). He said Nevada has the ability to recover some robust growth and asked what will shape Nevada's growth.

The Chair explained that today's meeting will cover the vision statement and reports of the previous breakout sessions during the February 11, 2010, meeting. There will also be a presentation from Carson City on economic diversification and a breakout on economic diversity.

APPROVAL OF MINUTES OF THE MEETING HELD ON JANUARY 8, 2010, IN LAS VEGAS, NEVADA

The Group **APPROVED THE FOLLOWING ACTION:**

DONALD D. SNYDER, MEMBER, MOVED TO APPROVE THE MINUTES OF THE JANUARY 8, 2010, MEETING HELD IN LAS VEGAS, NEVADA. THE MOTION WAS SECONDED BY SUSAN RHODES, MEMBER, AND PASSED UNANIMOUSLY.

REVIEW OF LONG-TERM VISION STATEMENT FOR THE STATE OF NEVADA AND RECOMMENDATIONS FROM THE NEVADA VISION STAKEHOLDER GROUP (NVSG) MEETING OF FEBRUARY 11, 2010

- Mark McMullen, Director, Moody's Analytics, Inc., said he and Steve Cochrane, Managing Director, Moody's Analytics, Inc., would facilitate the meeting. He said that he and Mr. Cochrane utilized a marked-up version of NVSG member Katy Simon's vision statement, together with other member comments, from the February 11, 2010, meeting for use in completion of the NVSG's vision statement. He listed other important items that were discussed but were not directly addressed in the statement, with suggested changes ([Exhibit C](#)).
- Mr. Snyder suggested the words "and encouragement" be added to the education component of the vision statement and said the word "connectedness" is unclear. In addition, he felt the governance component should include "demonstrates clear progress," and "avoids extreme partisanship."
- Doug Busselman, alternate member, said given the current business climate, he proposed including "use," to read "balances sustainable growth with wise *use and* conservation of the State's natural assets."

- Ms. Rhodes recommended a change to state that “Nevadans are able to meet their basic health, food, shelter, and culture needs and remain tied and connected to the greater community.”
- Katy Simon, member, asked whether connectedness could be refined to encompass belonging, as well as digital and transportation connectivity.
- Dr. Rene Cantu, Jr., member, said the concept of diversity should be incorporated and suggested one version read: “Our vision is for a diverse and inclusive Nevada where every child will have the opportunity to attain the highest level of educational excellence.”
- Alan Feldman, member, recommended adding the word “measurable.”
- Mr. Snyder suggested taking that concept and incorporating Mr. Snyder’s and Mr. Feldman’s, to state, “demonstrating clear and measurable progress.”
- Robert Lee Potter, member, liked the word “individual” and also suggested “citizen.” He said Nevada’s success relies on a favorable business climate with job creation, sustainable manageable growth, and a change in tax policies.
- Janelle Kraft Pearce, alternate member, suggested changing “connectedness” to “connectivity,” which is a broader term.
- Mr. Snyder said he appreciates “Home Means Nevada” but does not get a favorable reaction. He said Nevada has an entrepreneurial spirit in capturing what Nevada has been and what it needs to be in the future.
- Mr. Potter said “Home Means Nevada” could be an ending phrase, and felt that Nevada is the recreational capital of the world.
- Keith Smith, member, suggested additional concepts; for example, attractiveness to in-migration and retirees from other states.
- Boyd Martin, member, was in favor of “Home Means Nevada” because it incorporates what the NVSG is trying to accomplish: a place where in 5, 10, or 20 years people will want to call home.
- Mr. McMullen said the Group may have to defer to the Chair on the phrase, once the vision statement is complete.
- Mr. Potter suggested using “Home Means Nevada” as the title.
- Cedric D. Williams, member, said he was born and raised in Nevada and agrees the phrase is misplaced. He prefers the phrase as a title or an ending phrase.

- Chair Lang said the NVSG will discuss the issue again, after incorporating some changes. He said the term “fiercely independent” sounds defiant and off-putting.

IDENTIFICATION OF NEVADA’S STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (“SWOT”) AND 5-, 10-, AND 20-YEAR GOALS RELATING TO EDUCATION, BASED ON DISCUSSIONS AT THE NVSG MEETING OF FEBRUARY 11, 2010

- Mr. McMullen introduced the agenda item. A summary SWOT analysis on education was provided ([Exhibit D](#) and [Exhibit E](#)).

Report From February 11, 2010, Meeting—Room 2134—Carson City:

- Terry J. Reynolds, member, reviewed the SWOT analysis on education as discussed by the Group in Room 2134 in Carson City. (See February 11, 2010, minutes for details.)

Report From February 11, 2010, Meeting—Room 4401—Las Vegas:

- Mr. Busselman reviewed the SWOT analysis on education as discussed by the group in Room 4401 in Las Vegas. (See February 11, 2010, minutes for details.)
- Mr. Snyder said philanthropy encourages private sector support. He said Nevada can build on philanthropic opportunities but noted the State is young and does not have the generational support seen in established eastern states. Mr. Snyder mentioned the nationwide Teach For America program that recruits teachers from school districts prepared to work in disadvantaged or challenged school districts.
- Mr. Feldman said diversity needs to be a strength because of Nevada’s student and teacher/educator population. He asked whether a threat for Nevada is its ability to attract extraordinary teachers.
- Chair Lang said that UNLV is funded below the median for doctorate-granting institutions. Nevada should be ahead of other states in some categories, and he questioned whether UNLV or the University of Nevada, Reno (UNR), could achieve certain goals and attract the capital needed to multiply the State’s investment.
- Mr. Snyder said the State needs to find ways to leverage research universities to allow a higher caliber attraction for federal and private dollars.
- Chair Lang said that higher education has not done a good job of describing what is a research institution. He said this is a public relations threat and added State and private leadership needs to assist in promoting that description.

Report From February 11, 2010, Meeting—Room 4412—Las Vegas:

- Marsha Irvin, member, reviewed the SWOT analysis on education as discussed the group in Room 4412 in Las Vegas. (See February 11, 2010, minutes for details.)
- Brian Rippet, member, identified a K-12 threat regarding accountability: after one year of employment, a teacher receives a permanent contract. He said becoming a permanent employee after six or eight months of work is not reasonable.

He said the PERS system is a great recruitment and retention tool. Mr. Rippet said UNLV has a good opportunity to grow and UNR has a long history and deep-seated support. He said the lack of variety of degree opportunities is a weakness and there is no strategic plan for what is offered. This weakness is a barrier to the recruitment of couples considering moving together to Nevada.

He said Nevada's Millennium Scholarship has been good, and having the Millennium Scholarship dry up is a threat. He said another threat is the belief that we can deliver a high-quality university education at half the current funding levels.

- Dr. Cantu said Nevada's diverse population is a strength, but the State's high dropout rate is a huge problem, especially among Latinos. He said Nevada has not adequately funded English Language Learners (ELL). There is also a lack of early childhood education. Children arrive at school not ready to learn. Dr. Cantu said Nevada's boom and bust tax structure is a threat that hurts the education systems.
- Mr. Rippet said a weakness is Nevada's one-size-fits-all diploma system. He said there are a number of ways to graduate and be career ready.
- Thomas A. Perrigo, member, said that diversity was described as a strength and Nevada's response to the needs of a diverse student population was described as a weakness.
- Chair Lang said that funding research universities is more expensive but attracts top graduate students to the State, who add value upon graduation. Nevada needs to recognize it has a deficit regarding investment in education.
- Mr. Potter identified weaknesses relating to federal funding, language barriers, and a lack of parental involvement. He said Nevada has many opportunities: a more technologically based education system, and textbook rentals patterned after Utah's plan. Mr. Potter said Nevada has rare earth metals for which there are new markets. They could be mined and used in batteries, wind generators, and coatings for night goggles. Lastly, he proposed assessment districts to obtain funds for necessary projects.

- Ms. Kraft Pearce said it is important the NVSG have an understanding of how funding is derived and distributed and suggested the Group obtain a flow chart showing funding of K-12 versus higher education.

PRESENTATION ON THE CURRENT ACTIVITIES AND WORK PROGRAM OF NEVADA'S COMMISSION ON ECONOMIC DEVELOPMENT

Michael E. Skaggs, Executive Director, Nevada's Commission on Economic Development

- Michael E. Skaggs, Executive Director, Nevada's Commission on Economic Development (NCED), made a PowerPoint presentation ([Exhibit F](#)). He said:
 - Ø There is a need to bring high-quality jobs to the State to recover economically as quickly as possible;
 - Ø There is a mismatch between skill sets available and the needs of modern manufacturing;
 - Ø The State has perception issues with its economy, which is highly dependent on the hospitality industry. The State is enjoying an increase in exports and needs to invest in selling its products globally;
 - Ø The Division of Motion Pictures (Nevada Film Office), NCED, has been very successful in generating sales;
 - Ø The Commission works with each county's development authority; the Department of Employment, Training and Rehabilitation (DETR); and the Office of Energy, Office of the Governor;
 - Ø Investment by Chinese businesses in solar, minerals, and other resources injects capital;
 - Ø Every western state is completing an incentive package to lure the renewable energy industry;
 - Ø Certain trade shows are excellent avenues for connecting with the renewable energy industry;
 - Ø Most private-sector companies in Nevada are tied to California, even with the wave of expansion of small companies in northern Nevada in advanced manufacturing;
 - Ø Not being able to invest in companies because of a Constitutional prohibition is a huge barrier;

- Ø Other states apply tax credits to level the playing field with Nevada;
 - Ø Many unemployed residents worked in construction and do not have the experience of working in the manufacturing environment, which is different;
 - Ø Mathematics, communication, and team skills usually found in the engineering curricula are needed by manufacturers;
 - Ø With the renewable energy opportunity Nevada has, production skills are needed for the substantive commercialization effort, which will involve the State from the Ph.D. level to the manufacturing floor; and
 - Ø The NCED's main contact in Clark County is the Nevada Development Authority (NDA), and the Commission works with city redevelopment and other economic development agencies.
- Mr. Snyder asked Mr. Skaggs to expand on the Constitutional prohibition and whether it applies to PERS' investments. He said PERS dollars are invested in California, and short of a Constitutional change, modifications can be made to invest in Nevada.
 - Mr. Snyder said Nevada needs to unlock the lock that keeps the State from diversifying its economy. He said the solar hub and technology center have tremendous promise and would create leverage for the State. He described the Switch Communications Group, located in Las Vegas, a powerful and energy efficient data center that is attracting a remarkable client base.
 - Mr. Rippet asked whether Nevada's engineering skills are competitive.
 - Mr. Skaggs said that the skills are more established in the northern part of the State, although what is happening at UNLV is substantial. Engineering skills and the business community need to interact to propel Nevada forward to a technology economy.
 - Chair Lang said applied sciences take the lead in connecting with businesses. A research university can acquire good programs in public policy at low cost. He said the State needs to invest in people whose expertise is economic development and who understand the use of statistics and how best to bring business to Nevada.

REVIEW AND DISCUSSION OF FUTURE MEETING AGENDAS, CONFIGURATIONS, AND DATES

(As directed by Chair Lang, this agenda item was taken out of order.)

- David Ziegler, Principal Research Analyst, Research Division, LCB, said the NVSG has two meetings scheduled in March. A request was made to not discuss the subject of Health and Human Services (HHS) at the first meeting. If agreeable with the

Group's members, HHS will be discussed at the second meeting in March. Mr. Ziegler suggested to Chair Lang that the first March meeting address the subjects of energy, transportation, and the environment.

PUBLIC COMMENT

(As directed by Chair Lang, this agenda item was taken out of order.)

- Yindra Dixon, Director of Academic Outreach at the College of Southern Nevada, asked the NVSG to look at the vision the Group is putting forth and encourage legislators and other leaders to embrace details of the processes. Ms. Dixon requested the Group look at other populations in Nevada. She noticed an absence of youth on the NVSG panel and said youth can contribute what is and is not working for them regarding education and jobs. Ms. Dixon said the Community College has a workforce division and urged the Group to contact the director.

DISCUSSION AND IDENTIFICATION OF NEVADA'S SWOT AND 5-, 10-, AND 20-YEAR GOALS RELATING TO ECONOMIC DIVERSIFICATION

Breakout Group Discussions:

Group 1 (Room 4401—Las Vegas):

- Mr. McMullen said we understand that economic diversity is central to what the NVSG is doing and the need to move from consumption-based consumerism. He said it will be valuable to identify the "green spots," for instance, the rare earth minerals—those ideas with the most value.
- Mr. Snyder said the NDA and the Economic Development Authority of Western Nevada (EDAWN) should be included in the discussion. He stated that the solar innovation and technology center would be an excellent addition to Nevada's economy. Mr. Snyder added that the Chair and his colleagues at Brookings have been introduced to Switch Communications and see the opportunity in the fiber-optic technology.

He further noted biomedical research is another opportunity. The Nevada Cancer Institute has attracted public and private money that may bring the State a national cancer center. He referred to the Cleveland Clinic and the Lou Ruvo Center for Brain Health.

Mr. Snyder mentioned Patrick Soon-Shiong, Ph.D., a bioscience entrepreneur who wants to create a significant link in Nevada. He has vast resources with over three dozen major patents and is entering into an arrangement with Switch Communications to do data processing. Mr. Snyder said these situations have tremendous potential and Nevada needs to be objective in identifying and analyzing whether these ideas can be leveraged.

- Mr. Rippet asked whether the State is applying for a federal grant for the solar technology center.
- Mr. Snyder said a federal grant would support a supply-chain philosophy linking all aspects of solar energy, from production of equipment to production of energy. The grant is being applied for in order to attract federal, public, and private funding to create a solar hub that could be a national laboratory.
- Dr. Cantu said Las Vegas and Henderson are ideal places for solar, wind, and hydroelectric companies. There are major transmission lines in place due to the Hoover Dam that can be utilized for transmitting energy produced in Nevada.
- Chair Lang said for the last few years, Las Vegas has hosted the green energy summit. He said Las Vegas has captured certain other large trade shows and Las Vegas has a great opportunity with conventions. He said we should systematically audit what we are putting on in Las Vegas and what could be made permanent.
- Mr. Snyder said that would be taking advantage of a resource already created, which is a long-term opportunity.
- Dr. Cantu said Las Vegas is a world-class city created because of the casino industry. Nevada needs to build on that rather than seeing the State's economy as a one-industry economy.
- Ms. Irvin said in talking about diversification, the perception around the country and the world is that Nevada is running out of water. She said we need to address this perception and aggressively pursue companies to come to Nevada.
- Ms. Kraft Pearce said that much of what is being discussed relies on water and other resources to be productive; therefore, the Group needs to establish whether the State has enough water.
- Chair Lang said Las Vegas is remarkably sustainable. The City has a lower carbon footprint than any other major city in the intermountain west. He said that Las Vegas has access to other water sources, and strategies are in place for conserving and using water wisely. Chair Lang suggested caution in recruiting water-intensive industries.
- Mr. Snyder said the north-south transmission intertie is important for tapping the potential of the solar, geothermal, wind, and other renewable energy resources.
- Mr. McMullen asked the Group whether there are some industries where Nevada does not have a comparative advantage.

- Mr. Snyder said not going after high water consumption industries is important. He said one type of solar technology uses a lot of water, and Nevada needs to be more focused and specific in targeting businesses.
- Ms. Irvin said it would be interesting to understand why businesses leave the United States and relocate to India or China and whether Nevada could capitalize on that.
- Mr. Snyder said that lower wages and labor costs drive businesses out of the U.S. and that some jobs are being repatriated.
- Dr. Cantu said that relocating industries and jobs within the United States is a zero sum game. The State needs to consider industries that can create new jobs. He said that Nevada has a large aging population that provides an opportunity for the State to develop industries that will cater to needs such as medical and pharmaceutical.
- Mr. Snyder said Yucca Mountain and what happens to it needs to be part of the dialogue. It created economic energy and jobs, including high-tech and high-paying positions. The question is, what is next for Yucca Mountain?
- Chair Lang said Brookings suggested Yucca Mountain could be a safe place for the nation's information because the infrastructure is there. Although not appropriate for nuclear waste, it is appropriate for anything that needs to be maximally secure. Regarding informatics and Switch Communications, he said Nevada could become the center of online gaming and its technology and computer science jobs. He said Nevada should exploit the large investments being made in data storage and consider technologies aligned with that, such as, gaming, design, and computer graphics.
- Mr. McMullen said Nevada cannot compete with low-wage, industrialized nations in terms of manufacturing operations, so high value-added manufacturing operations are key. Mr. McMullen said to be economically successful requires Nevada to mirror what U.S. metropolitan areas do with their clusters.
- Mr. Snyder said Chair Lang piqued his interest on the issue of Internet gaming.
- Chair Lang said Las Vegas has a competitive advantage, having the fastest access to the Internet and the most technical knowledge regarding gaming. The jobs added could be complementary to the other technologies.
- Chair Lang said Nevada will not match San Diego in basic science, but the State could obtain a part of biotech that relies on high-speed computing. The smart idea is to play off the State's strengths. The theme is that it does not take much to lift Nevada's economy. He submitted that California companies that want to relocate to Nevada due to cost considerations is a growing component for Nevada's economy.

- Dr. Cantu asked, with the caliber of the airport in southern Nevada, whether there is a possibility of developing further import/export business, or is that primarily done by ground and sea.
- Chair Lang said the airport will eventually reach capacity, and he suggested the airport add foreign connections. If Las Vegas had high-speed rail, he said it might be possible to develop import/export business. Las Vegas is a dry place for storage of fragile, high value-added products and the airport is uncongested with a surrounding business zone.
- Mr. Snyder referred to the planned airport in the Ivanpah Valley between Las Vegas and Primm, Nevada. He said it may make more sense to have high-speed rail and the interstate between Las Vegas and Phoenix for the short-haul trips.
- Ms. Kraft Pearce said every Nevadan needs to promote the State. Nevada has a stable climate in which to do business. She discussed the negative image Nevada has had in the past.
- Mr. Snyder said the negative image is still an issue but perhaps is lessening, because the tourism industry has broadened the perception of the State.
- Chair Lang mentioned the Henderson, Summerlin, and Sun City areas. He suggested promoting Henderson, for instance, as a place where a house costs a fraction of a comparable east coast house, and has lower taxes.
- Mr. McMullen asked for comments on allowing government to invest in particular companies or to dedicate certain tax revenues to economic development.
- Mr. Williams said he is not sure whether businesses want to have government involved.
- Dr. Cantu said one of the State's greatest assets is the Senate majority leader from Nevada, who has funneled money to the State to help stimulate the economy. There is a history in Nevada of the federal government investing in such industries as the military. To capitalize on that and build a biomedical or energy facility or other ventures would be an asset.
- Chair Lang commented on the mindset of Texas. He said Texas imposes a tax and then returns it to the company as a revenue stream. A tax on an existing industry is a subsidy to new industry, using old industry to fuel new industry. Otherwise there is no incentive structure for new industry.
- Mr. Snyder said the Nevada Test Site is another asset that probably has not been maximized.
- Ms. Kraft Pearce cited the constitutional restrictions on loaning the State's credit and said she wants to know more on how those restrictions could be lifted. There are

current opportunities for abatements, incentives, tax increment financing, and other tools used in redevelopment agencies that could be expanded across Nevada while researching the constitutionality issue. She said it is a hard sell to approach the voters for a constitutional change.

- Mr. Snyder said it would be helpful to know how other states are investing. He said Nevada should look at whether pension fund money is flowing to another state. The solar innovation center at UNLV's Center for Energy Research has people from Wells Fargo, Bank of America, and JP Morgan focused on the issue of how long-term capital can be brought into the State to support investment in diversifying the economy.
- Chair Lang said Nevada has been creative in the use of business improvement districts; however, the improvement districts are used to build infrastructure. The State is losing its flexibility and capacity for making other investments through business improvement districts. Some of Nevada's efforts have been misallocated.

Group 2 (Room 4412—Las Vegas):

- Mr. Cochrane opened the discussion of the SWOT analysis.
- Mr. Perrigo said strengths include the State's natural resources, renewable energy and mineral resources, and the opportunities for recreation and entertainment.
- Mr. Busselman said Nevada's tax structure is a magnet for business and that Nevada's proximity to California is a strength.
- Ms. Rhodes said another strength is Nevada's relatively low cost of living and, recently, affordable housing.
- Mr. Feldman said the scope and scale of the world-class tourism infrastructure offers strong opportunities.
- Mr. Perrigo said the proximity to large markets includes labor markets. Nevada has enjoyed a relatively elastic labor supply curve over the tremendous growth period.
- Peter C. Bernhard, member, said transportation infrastructure and accessibility to locations throughout the world are advantages. Nevada's climate is an attraction for in-migration and retirees.
- Mr. Feldman said a strength is the State's technological capabilities related to data transmission. Nevada currently has in new technological capability what Chicago had in rail interconnectivity one hundred years ago.

- Mr. Perrigo said a strength is the willingness of local governments in the north and south to work toward solutions, to work collectively, and to coordinate. A number of efforts are being made to consolidate services.
- Mr. Busselman said familiarity between the business community and government personnel is a strength. There are many business people who know their government representatives on a first-name basis and have ongoing interaction.
- Mr. Perrigo said another strength is the relationships of local and State governments with federal agencies, which is by necessity because of the extent of federal land management.
- Mr. Bernhard said there is an employee base that, while it may not be properly trained, is a good solid core of employees.
- Mr. Cochrane said when one looks at a comparative advantage of Nevada versus Indiana, Michigan, or Ohio, Nevada has a growing labor force and a growing population.

Weaknesses:

- Ms. Rhodes said she sees the small town atmosphere as a weakness. There is a reluctance to embrace the metropolis, the large community that Las Vegas has become.
- Mr. Smith said there are a number of strengths that turn out to be weaknesses, and Nevada's tax structure is one. The heavy reliance on tourism and outsourcing the State's tax base is creating a problem as Nevada has grown. While energy availability is a strength, the cost of energy is a weakness because it is relatively expensive, although available and abundant. Water allocations are based on old models. Land was a scarce commodity two to three years ago, and it could continue to be a limiting factor as the valley continues to grow.
- Mr. Feldman mentioned the low per-capita graduate and undergraduate degree rate for educational attainment.
- Mr. Busselman said, when trying to identify clusters, Nevada is the branch office of the California clusters.
- Mr. Cochrane said how does one take a satellite operation, create a potential cluster, and create a self-sustaining cluster in Nevada that serves not only the southern California market but the national and global markets.
- Mr. Perrigo said land supply is a constraint. However, federal management is probably a strength for the protected areas.

- Mr. Smith said Nevada is lacking some transportation infrastructure as the community continues to grow and the State looks to generate more businesses that want to ship their goods out of State. The highways between Las Vegas and California and Las Vegas and Arizona are limiting, so improving that infrastructure and the roadway systems is going to be important.
- Mr. Bernhard said the State does not have a one-size-fits-all solution. Regarding economic development, Nevada can be divided into three parts: (1) eastern; (2) northern; and (3) southern. What may work in the south may not work in the north or the east. Mr. Bernhard suggested the geography of the State may be a weakness. There is also a middle part of the State around the Test Site that could be used for federal projects or energy development.
- Mr. Perrigo said there is a lack of investment in alternate modes of transport. Because of the constraints on land supply, developed areas will become more dense; therefore, the State needs to look at bus rapid transit, light rail, and other modes. Nevada has not taken advantage of the federal funding coming from the American Recovery and Reinvestment Act funds. Las Vegas is the only western city of its size that does not have investment in light rail, which is a weakness for economic development.
- Mr. Busselman said Nevada takes a defensive posture in comparing itself to others. He said the State should set goals and decide which things it would like to make happen.
- Mr. Feldman said the “hand-to-mouth” philosophy of budgeting is a weakness.
- Mr. Bernhard said Nevada needs a stable and predictable revenue structure.
- Mr. Busselman said that Nevadans believe everyone else should pay the State’s taxes, instead of having individuals pay for the cost of our government. Nevada looks to tourists and those industries that are successful to pay a large percentage of the State’s taxes.
- Mr. Smith said that companies considering moving here want to know that their employees and their children will have a good education. Some definite improvements are needed in education.
- Mr. Bernhard asked whether, based on Mr. Skaggs’ presentation, education, health care availability, or such other quality-of-life issues as recreational opportunities play a role in corporate executives’ decisions to come to Nevada, or do we overstate this.
- John Packham, alternate member, said in looking at the State’s educational performance, it is well-suited to today’s economy. When looking at the lack of diversity and the dependence on hospitality and leisure, there may be a “chicken and

egg” argument. If education is improved, will economic development ensue, and will Nevada become more attractive?

- Mr. Smith said he has hired many executives and mid-level managers. He has been turned down when people say they do not want to raise their children in Las Vegas because of the educational environment or other quality-of-life issues. As the economy expands and diversifies, Nevada needs to improve the education system.
- Mr. Perrigo said the flip side is losing talent. Sometimes he has trouble keeping the people who are the most talented and the best educated; they are the ones who are offered new opportunities. Mr. Perrigo said quality-of-life factors weigh heavily in those decisions.
- Ms. Rhodes said she is disappointed that quality-of-life issues do not factor into more of our decisions as a society.

Opportunities:

- Mr. Cochrane suggested thinking about opportunities and the uniqueness that Nevada can build on. Are there existing clusters that can be expanded?
- Mr. Feldman said an opportunity exists to meld more of Nevada’s research and manufacturing goals or objectives with the tourism industry. He said it is remarkable that Nevada does not manufacture much of what it uses, and that this could be a fascinating subject of research.
- Mr. Busselman said Nevada can enter into the alternative energy fields with its resources of sunlight and geothermal energy.
- Mr. Perrigo said Nevada’s tourism infrastructure allows other industries to benefit, e.g., the health care sector. He said Nevada can be a destination for permanent trade shows, and this is a tremendous opportunity.
- Mr. Smith said one opportunity is to complete the project the Group is engaged in. The result will be an effort that goes on for a period of time and ends with a vision and a focus for the future direction of the State.
- Mr. Perrigo said another opportunity is building world-class research facilities at the universities and at the Nevada Test Site to bring in a national laboratory.
- Mr. Feldman said the technology that happens in Nevada regarding live entertainment is unparalleled, but it is not developed in Nevada. The State does not have the programs in the universities to teach those skills, although Nevada has a growing technological theater program at UNLV. The same could be done in food and beverage, the hotel division, and in a variety of technological areas. Almost everything

is being imported as opposed to being thought of, developed, manufactured, and exported from Nevada.

- Mr. Cochrane said there are opportunities to expand that cluster and create the technology and skills to support those industries in Nevada.
- Mr. Busselman said Nevada should go beyond considering itself the alternative energy capital of the world and patting itself on the back. There needs to be that next step of developing clusters in order to make it all work. The thing Nevada has going for it is the State's ability to export expensive power to somebody who is willing to pay.
- Mr. Perrigo said that might be a threat, if California can no longer afford our renewable energy or changes its policies in terms of portfolio requirements.
- Mr. Cochrane said the State needs to be cognizant of the markets that may be at risk of disappearing. Nevada can diversify, but the market needs to there for the products and expansion.
- Mr. Busselman said Nevada had an entrepreneurial drive that built itself to what it is today. He said central planning needs to create the opportunities and entrepreneurs and the private sector needs to fill in to take advantage of those opportunities.
- Mr. Smith said there is opportunity in growing, leveraging, or exploiting Nevada's strengths—natural resources, mining, other minerals, the climate, the recreational aspects, the immense amount of vacant land Nevada has, the vast number of hotel rooms, the world-class airport and that infrastructure, and the fact that Las Vegas is a place to do business, as evidenced by the tremendous number of conventions, to bring other businesses here.
- Mr. Cochrane said the answer has to do with public relations, marketing, investment, and looking at how other areas have succeeded.
- Mr. Busselman said, in the threat area, Nevada does not have the power lines to take the power from where it is located and transmit it to where someone will pay for it. The State is waiting for a decision on listing the Sage grouse as an endangered species. If it is listed, the ability and the opportunity to produce and transfer energy from renewable resources becomes challenged.
- Mr. Perrigo said there are other strategies being pursued in areas outside Nevada that would cut off some transmission corridors.
- Mr. Bernhard said some of Nevada's strengths are attractive to retirees while the weaknesses may be exacerbated by retirees. It is difficult to convince a retirement community to support increased taxes for education. Retirees have disposable income but put stress on the health care system.

- Mr. Busselman stated the perception that Nevada's tax base will expand could become a threat. A business might perceive Nevada's favorable tax climate as temporary.
- Mr. Feldman said the NVSG may decide one of the principles is going to be to recommend a change in tax structure in order to improve education. It would take years to see the results in those investments. That delay needs to be acknowledged and dealt with.
- Mr. Busselman said the State may need to move incrementally in developing smaller scale businesses and other niches that fit in order to grow the State's economy.
- Mr. Cochrane said part of the challenge for the NVSG is to identify 5-, 10-, and 20-year goals with what is achievable in five years or one year with measurable benchmarks.

Group 3 (Room 2134—Carson City):

- Mr. Reynolds said Nevada has good proximity to regional and international markets, especially Pacific-Asian markets. The State is in the forefront of renewable energy development with geothermal and solar. Other strengths include climate, recreation, and entertainment. Mr. Reynolds said the State has a fairly developed infrastructure: two interstate systems, an excellent airport in southern Nevada and also in Washoe County. Nevada is continuing to look at high-speed train corridors. Housing market vacancy rates are unfortunately high, but that is an attraction for those wishing to relocate.
- Ms. Simon said Nevada has unique assets; for example, mineral, geothermal, and solar resources. In addition, the State has a track record of good collaboration; because Nevada is small, there is access to political decision makers and others. Additional strengths are the rail corridor in the north; a utility corridor; and the north-south power line infrastructure the State needs to capitalize on. She said Nevada's lack of an inventory tax makes logistics a great opportunity; and the State is well-positioned for green energy jobs.
- Mr. Reynolds said the State's overall business climate is good, in terms of assisting incoming businesses, and Nevada has a common-sense approach to bringing in and establishing a new business from an environmental and procedural standpoint.
- Mr. Reynolds said a strength for Nevada is access to the State's educational system through the community colleges and universities, and an ability to structure training programs for businesses coming to Nevada.
- Mr. Potter said the State's location for economic activity is a strength, along with the citizens with their "let's get it done" spirit.

Weaknesses:

- Mr. Reynolds said the perception, when trying to recruit businesses, that they will have trouble finding a competent workforce is a weakness.
- Ms. Simon said statistics provided by Moody's indicate that Nevada is ranked low in the percentage of high-tech jobs. The State needs to provide the infrastructure, encouragement, jobs, and systems to improve this statistic; strategically, we need to build knowledge jobs ([Exhibit H](#)).
- Mr. Reynolds said lack of support in core infrastructure for technological businesses is a weakness.
- Ray Bacon, Executive Director, Nevada Manufacturers Association, said Nevada has an opportunity to recruit logistics business ([Exhibit I](#)). He mentioned the scarcity of solar panels on commercial buildings due to barriers imposed by the State. Mr. Bacon said one cannot get a permit in Reno, and perhaps other jurisdictions, to use certain structural insulated panel systems manufactured in Reno, because building codes do not encourage new products.
- Ms. Simon said vertical integration is key. It is not enough to target a sector for job creation. Suppliers, job training, and markets are also needed.
- Mr. Bacon said it must include training the contractors also.
- Ms. Simon said Nevada's industrial diversification index is a weakness. The industrial diversity index places the State 49th out of 50. Nevada does not have sufficient diversity to weather economic cycles. She said the cost of power, which is much higher than in neighboring states, is a weakness.
- Mr. Reynolds said the inability to have competitive energy supplies is a weakness.
- Mr. Bacon said putting solar panels on warehouse roofs is an attractive option and reduces the heat load. He said the planned Ivanpah Valley airport could be a self-sustaining location for logistics businesses.
- Ms. Simon said Nevada needs to do a good job of marketing the value of green energy jobs, to help people understand that green energy is imperative for our economic survival.
- Mr. Reynolds said Nevada is weak in providing venture capital. He said that the State's regional development authorities tend to be independent and said the NVSG should look at collaboration and how the development authorities are structured.

- Mr. Potter said that Nevada does not offer enough incentives to encourage new businesses to relocate in Nevada. He recommended the State develop tax policies and other policies that would encourage certain banking industries, for instance, to locate their corporate headquarters in Nevada.
- Mr. Bacon said Nevada is the only western State that charges sales tax on rolling stock for the trucking industry. Nevada also does not have a permanent registration for trailers, requiring owners to register them annually. A 4 to 5 percent differential would make Nevada competitive in logistics. He said one advantage for Nevada is California's cap and trade bill because of the additional costs it imposes on the trucking industry.
- Mr. Reynolds said Nevada's tax instability is a weakness.
- Mr. Potter said Nevada's unit price costs for construction are significantly higher than California, and Nevada should set a goal of establishing unit prices below California's.
- Ms. Simon recommended Nevada make a statewide and local investment in economic development, with a results orientation. Nevada compares poorly on its investment in economic development.

Opportunities:

- Mr. Potter said assessment districts are new to Nevada but are an opportunity for selective use to fund local needs.
- Mr. Reynolds suggested "enterprise district" is more appropriate terminology, and there are funding methods one can use within enterprise districts.
- Ms. Simon said that vertical integration is an opportunity. In key industries: renewable energy; logistics; health care, research; and commercialization of research, the entire package needs to be in place with training, suppliers, and markets for any business clusters.
- Mr. Reynolds said this idea would result in collaboration among the university system, community colleges, businesses, development authorities, and State and local governments.
- Ms. Simon said Nevada has an opportunity to focus on and encourage innovation. The American entrepreneurial and innovative spirit cannot be quickly duplicated elsewhere in the world.
- Mr. Bacon said one of the issues previously discussed is the cost of power. He said the feed-in tariff, which Nevada does not have, is an opportunity that looks at the value of power to the ratepayer, taxpayer, and the utility.

- Mr. Reynolds said there is an opportunity to look at tax policy in relation to renewable energies to create the best climate to attract innovative power approaches and lower costs.
- Ms. Simon said that in addition to generating energy from waste, there are a number of products that could be developed from waste, and the State needs to take advantage and create manufactured products from its two concentrated waste centers.
- Mr. Potter said a strength is that Nevada is the recreational capital of world, and the State needs to advertise that asset worldwide.

Threats:

- Ms. Simon said that the health of Nevadans is very poor. The weakness in health indicators costs the State much money, although one must consider not only the cost of health but also the health of Nevada's population.
- Mr. Reynolds said migration of people and employees out of the State with the dwindling job market, is a threat.
- Mr. Potter said the State's bond rating is dropping and that is a threat because businesses will not want to relocate to Nevada.
- Mr. Bacon mentioned the importance of bringing manufacturing jobs to the State. With the current recession, many factories closed, and it will be difficult to attract new manufacturing jobs. Percentage wise, Nevada has had a larger downturn in employment than any other state. Unemployment insurance rates will go up, Nevada is borrowing from the federal government, and those loans will have to be repaid. Our competitive advantage in unemployment insurance rates will go away quickly.
- Mr. Reynolds said Nevada's dropout rate in the school system is a threat.
- Mr. Potter said the State's water issue is a threat. He suggested one of Nevada's goals be the importation of water; the State needs to form alliances with adjacent states in order to meet that goal.
- Ms. Simon said the outstanding liability for the Public Employees' Retirement System (PERS) is a threat. She said Nevada's ongoing structural deficit in State and local governments also creates a serious threat to goals the NVSG is trying to move toward.
- Mr. Reynolds said these are important points since businesses moving into the community look at future costs they may have to absorb to continue doing business.

- Mr. Bacon said because Nevada is somewhat of a retirement State, the ongoing deficit in Social Security and Medicare, as well as PERS, may put Nevada at greater risk than other states that have less of a retirement population.
- Ms. Simon said the challenges in education discussed during previous meetings should be repeated as threats to Nevada's economic prosperity.
- Mr. Potter said weak public transportation is a threat, because for many people, it is their means of getting to work.
- Mr. Reynolds said the State's aging infrastructure, especially of public transportation, is a significant threat.
- Ms. Simon said that water quality and air quality are significant issues. We need better air quality for our residents to be successful economically. Federal legislation will prevent development in some sectors of the State's economy because of the air quality regulations.

Goals:

- Ms. Simon said diversification of the State's economy continues to be an important goal. Nevada needs greater resiliency with economic diversity.
- Mr. Reynolds said diversification of the State's tax structure would enhance Nevada's economic diversification. He said the State cannot penalize companies for coming to Nevada and being innovative. The State needs a tax system that benefits its preferred economy.
- Mr. Potter said that new tax policies, encouraging and enhancing economic development, enhanced property values, and attaining a federally-funded workforce are goals.
- Ms. Simon said enhancing the research capacity of Nevada's universities and colleges would be an important high-leverage step.
- Mr. Reynolds suggested enhancing the State's job training programs in the education system, public and private.
- Mr. Bacon said the majority of Nevada residents can meet the existing needs of a logistics center without massive retraining.
- Mr. Potter said a goal is to create tax policies, regulations, environment, and encouragement so that Nevada is the number one choice for businesses.

- Ms. Simon said being the lowest tax State may not be the most desirable feature, but being the lowest cost state. Taxes are part of that, but if Nevada continues to sell itself as a low tax State, it may not have the right resources in place for achievement.
- Mr. Reynolds said our goal should be the path it takes to make Nevada a desirable place, in terms of: the education system; tax stability; infrastructure; communications structure; and the ability to handle the variety of businesses the State needs to grow its economy.
- Mr. Bacon said the State should improve the quality of its education system. He suggested the NVSG look at www.pacyber.org/, a charter cyber high school in Pennsylvania. One of Nevada's virtual schools has 2,100 children attending in 2010 and the anticipated enrollment expected in 2011 is 3,200 students, he said.
- Ms. Simon cited as a goal the triple bottom line discussed in a previous meeting, and she suggested identifying actions that achieve multiple goals for a single investment. For example, a floodwater retention basin, combined with a skateboard park, using one dollar to accomplish more.
- Mr. Potter asked whether water alliances could be formed with California, creating reservoirs that would benefit Nevada. The alliance could use the water as a recreation site for both states.
- Mr. Reynolds said Lincoln County is 98 percent federal property. The State needs a better process to make land developable within rural areas.
- Ms. Simon said health care research, biotech research, and manufacturing are important goals. She said Nevada has a growing senior population.
- Mr. Potter said a goal is developing rare earth metals and using them in manufacturing in Nevada. He envisions the State making batteries for hybrid cars, wind generators, high-strength magnets, and coatings for night-vision goggles. Rural Nevada towns could develop specialized manufacturing.
- Mr. Bacon said efforts have been made to bring gold refining operations to Nevada. The State's raw gold is shipped to a gold refining operation. Having that operation in Nevada would bring in value-added jobs and facilitate the high-end electronics and jewelry industries.
- Ms. Simon suggested the group prioritize what needs to be done in the near term: strengthen the educational system to improve Nevada's economic circumstances.
- Mr. Reynolds said tax structure stability and education are two main priorities that need to be addressed.

- Ms. Simon complimented Mr. Skaggs and the NCED on the strategic planning that has been done. She said people throughout the State, including the NVSG, need to be involved in, build on, and empower an economic strategic plan for Nevada.
- Mr. Potter said federal funding is a short-term goal and readily available if Nevada will apply for the money.
- Mr. Reynolds suggested adding research and enhancing logistic centers to advance economic development for Nevada.
- Ms. Simon said Nevada needs to solve its housing and foreclosure crisis. She suggested a five-year goal to expand venture capital resources in the State.
- Mr. Bacon said inflation is a threat with Nevada more vulnerable than most other states.
- Mr. Potter said Nevada is the leisure capital of the world even though the State is experiencing a downturn. He said there are significant deterrents in encouraging tourists to visit Nevada.
- Mr. Reynolds said language banks are available in some communities with international visitors. He suggested enhancing transportation in and to Nevada with high-speed rail, road, and air transportation.
- Ms. Simon said an immediate goal for the State should be to maximize connectivity for Nevada's population, and said that the State's telecommunications infrastructure is lacking.

ADJOURNMENT

There being no further business to come before the Group, the meeting was adjourned at 1:05 p.m.

Respectfully submitted,

C. J. Smith
Research Secretary

David Ziegler
Principal Research Analyst

APPROVED BY:

Robert E. Lang., Ph.D., Chair

Date: August 6, 2010

LIST OF EXHIBITS

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

[Exhibit B](#) is a report titled *State of the States 2010*, How the Recession Might Change States, by the Pew Center on the States, dated February 2010.

[Exhibit C](#) is a document titled “Nevada Vision Stakeholder Group, Agenda Item III-Review of Vision Statement,” provided by David Ziegler, Principal Research Analyst, LCB, dated February 25, 2010.

[Exhibit D](#) is a Microsoft PowerPoint presentation titled “Summary of SWOT Analysis for Education,” provided by Mark McMullen, Director, Moody’s Analytics, Inc., dated February 11, 2010.

[Exhibit E](#) is a Microsoft PowerPoint presentation titled “Response to Data Requests,” provided by Mark McMullen, Director, Moody’s Analytics, Inc., dated February 11, 2010.

[Exhibit F](#) is a chart titled “Nevada School Districts & Charter Schools,” provided by David Ziegler, Principal Research Analyst, LCB, dated 2008.

[Exhibit G](#) is a Microsoft PowerPoint presentation titled “Welcome to a brighter nevada,” provided by Michael E. Skaggs, Executive Director, Nevada Commission on Economic Development, dated 2009.

[Exhibit H](#) is a document titled “Economic Structure,” provided by Moody’s Analytics, Inc., dated December 31, 2009, which provides Nevada’s ranking on selected indicators.

[Exhibit I](#) is a titled *ACR 30 – Logistics Potential Joint Presentation*, provided by Ray Bacon, Executive Director, Nevada Manufacturers Association, dated January 25, 2010.

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.