



**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 third 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 Wednesday, June 2, 2010, at 8:30 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

SUBCOMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblywoman Heidi S. Gansert
Senator Maurice E. Washington

SUBCOMMITTEE MEMBER ABSENT:

Assemblywoman Barbara E. Buckley

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

- Chairman Atkinson welcomed the members and public to the meeting and began the meeting pending a quorum.

DISCUSSION ON ECONOMIC INCENTIVES THAT MAY BRING BUSINESSES TO NEVADA

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

- Chuck Alvey, President and Chief Executive Officer, Economic Development Authority of Western Nevada (EDAWN), supported the need to inform companies of Nevada's favorable business climate. He explained that the key business relocation incentives offered by Nevada include: (1) the proximity to California, one of the largest markets in the nation; (2) Nevada's favorable tax structure of no corporate or income tax; and (3) the closeness of the workforce to the employment centers in Nevada. Mr. Alvey provided information to the Subcommittee about the development of distribution centers and the price of utilities in Nevada. He was of the opinion that one of the challenges Nevada faces is the creation and training of workforce skill sets for potential industries. Mr. Alvey opined that additional funds are necessary to support economic development and to market the incentives to draw businesses to Nevada.
- In response to a query from Senator Washington, Mr. Alvey explained that many states are in deficit situations and are also affected by the national economic situation, so he was of the opinion that Nevada would recover as the nation recovers. He added that a gross receipt tax has historically been opposed by EDawn.
- Somer Hollingsworth, President and CEO, Nevada Development Authority (NDA), presented information to the Subcommittee about Nevada's incentive programs, which are available to enterprise corporations that are evaluating multiple locations. Mr. Hollingsworth opined that Nevada's incentive package is among the best in the nation and does not include "giveaways." He informed the Subcommittee of the incentives provided to businesses in other states, which could include free land, buildings, and large amounts of funding support. However, he noted that when states offer large incentive packages there is a risk that the company may not remain in the state for the long term. He added the NDA raised threshold standards approximately

10 years ago, and targeted quality companies that met the state-average wage and provided benefits for employees.

Continuing, Mr. Hollingsworth expressed support for lowering thresholds for the number of jobs created and for capital investment levels for companies with 25 to 50 employees in order to qualify for incentives in Nevada because companies may have less capital for investments. He further explained that the companies that moved to southern Nevada did so based on research and due diligence in examining Nevada's business climate and "business-friendly" State government. He opined that Nevada is included in the top five states that companies investigate when making decisions to relocate business operations. In his view, access to capital is difficult in the nation's current economic situation, however access to capital is becoming easier but many companies are still not in a financial position to relocate. Concluding, Mr. Hollingsworth was of the opinion that the majority of businessowners who have visited Las Vegas for many years are not aware of the "business-friendly" environment, so there is a need to aggressively market Nevada's business climate.

- In response to a query from Senator Parks, Mr. Alvey informed the Subcommittee that in his opinion businesses are not concerned about proposed legislation in Nevada in future legislative sessions because all states are experiencing similar economic problems.

APPROVAL OF THE "SUMMARY MINUTES AND ACTION REPORT" OF THE MEETING HELD ON APRIL 26, 2010, IN CARSON CITY, NEVADA

- The Subcommittee **APPROVED THE FOLLOWING ACTION:**

SENATOR PARKS MOVED TO APPROVE THE MINUTES OF THE APRIL 26, 2010, MEETING IN CARSON CITY, NEVADA. THE MOTION WAS SECONDED BY SENATOR COFFIN, WHICH PASSED UNANIMOUSLY.

PRESENTATION ON THE STATUS OF THE SUPPLY CHAIN MANAGEMENT PROGRAM AT THE UNIVERSITY OF NEVADA, RENO (UNR)

- Dale S. Rogers, Ph.D., Foundation Professor, Logistics and Supply Chain Management (SCM), and Director, Center for Logistics Management, UNR, informed the Subcommittee of the proposed closure of the SCM Program. Dr. Rogers submitted handouts for the following:
 1. Memorandum to President Milton D. Glick, UNR, from Elliott Parker, Faculty Senate Chair, regarding Recommendations of the Senate Curricular Review Committee and the President's recommendations to Faculty Senate on May 5, 2010, which includes the closure of the degree programs in the SCM Program ([Exhibit B-1](#));

2. Document from Richard Mason, Chair of Accounting, College of Business, UNR, describing why the SCM program should be closed ([Exhibit B-2](#));
 3. Memorandum of notes from Dr. Judy Strauss, Associate Professor of Marketing, UNR, College of Business Administration, Faculty Senate Representative, concerning recommended budget cuts ([Exhibit B-3](#));
 4. Support letters from the UNR alumni and the community asking that the SCM Program not be closed ([Exhibit B-4](#)); and
 5. Supply Chain Management Program faculty appeal of the proposed elimination of the SCM Program ([Exhibit B-5](#)).
- Dr. Rogers explained the process that was used to determine the closure of several programs at UNR. He also provided information on SCM programs conducted in other schools and other states. He was of the opinion that UNR's SCM Program has been instrumental in assisting the economic development of northern Nevada. He further explained that the SCM program has continually interacted with the business community regionally, nationally, and internationally. Concluding, Dr. Rogers commented on the lack of funding required to fund the Program and possible sources of capital.
 - In response to a comment from Senator Coffin regarding the proposed cuts to the UNR budget and proposed reductions that were not accepted, Dr. Rogers provided information on development of the budget reductions and the affects on other education programs at UNR.
 - In response to a query from Senator Nolan, Dr. Rogers provided information about the proposed rail line from the port in Los Angeles, California, to Salt Lake City, Utah. In his view rail shipment operations have increased based on the high cost of fuel and will continue to increase due to a reduction in drilling based on the oil spill in the Gulf of Mexico. Dr. Rogers explained that the rail link to Salt Lake City would reduce transportation costs even though the link is an older route, and added that recent rail investment has increased.
 - Senator Nolan commented on WalMart's distribution centers located throughout the western United States, which includes the frozen food center in northern Nevada. Dr. Rogers provided an explanation of WalMart's supply chain and the infrastructure used for distribution of goods. He opined that the taxes and transportation costs are examined by companies such as WalMart prior to the actual construction of retail store outlets.
 - Assemblywoman Gansert and the Chair thanked Dr. Rogers for his work in the SCM Program at UNR and for his presentation to the Subcommittee.
 - Senator Washington asked if there is a possibility that the SCM Program might be preserved, however, Dr. Rogers was of the opinion that is not likely.

Discussion ensued regarding the development of Nevada's business climate and efforts to maintain the SCM Program, and Dr. Rogers provided information on the development of the Program and the educational programs in the College of Business.

OVERVIEW OF THE COUNCIL OF SUPPLY CHAIN MANAGEMENT PROFESSIONALS AND ITS EFFORTS TO SUPPORT SUPPLY CHAIN MANAGEMENT EDUCATION IN NORTHERN NEVADA

- Dan Oster, Vice President, NAI Alliance, Industrial Properties Group, stated he is also an instructor for the SCM Program, UNR. Mr. Oster outlined his experience in assisting companies relocate to northern Nevada and stated support for the continuation of the Program.
- Matthew Booher, Representative, Northern Nevada Chapter of the Council of Supply Chain Management Professionals, Griffin Global Logistics, provided information on his experience in developing warehouse and distribution space in northern Nevada. Mr. Booher commented on the importance of educating the workforce in logistics and provided information on the SCM Program at Truckee Meadows Community College. He also supported the continuation of the SCM Program, UNR.
- Jared Lindwall, Business Development Manager, Bender Group, explained his experience in warehousing and distribution and expressed concern about the elimination of the SCM Program, UNR.
- Mr. Oster recommended that Nevada identify logistics as an important industry and opined that the private sector investigate the creation of a separate entity to continue a SCM education program.
- In response to a query from Senator Washginton, Mr. Oster provided information on the efforts to raise funds in the private sector to maintain the SCM Program. He opined that the problem was not clearly defined and the closure was not confirmed in time to raise the funds for next year.

Discussion ensued regarding Subcommittee support for the SCM Program, UNR, and the timeframe of the closure of a program, which provided guidance on policy and issues of economic diversification, and the need for further analysis by the 2011 Legislative Session.

- Senator Coffin was of the opinion that the larger community which benefits from the SCM program should raise funds to maintain the Program.

PRESENTATION ON RAILROAD DISTRIBUTION ROUTES AS THEY APPLY TO ECONOMIC GROWTH AND DEVELOPMENT IN NEVADA

- C. Joseph Guild III, Attorney at Law, Reno, representing Union Pacific Railroad (UPR), introduced Scott Moore, Vice President for Government Affairs, Western Region, UPR. Mr. Guild stated he would be available for questions from the Subcommittee.
- Scott Moore, previously identified, conducted a Microsoft PowerPoint presentation on the UPR and economic growth and development in Nevada. The presentation provided information on [Exhibit C](#):
 1. Capital plan for proposed, expanded or new terminals from the west coast to Chicago, Illinois;
 2. The Economic uncertainty of seven-day car loadings from 2003 to 2009;
 3. Facts and historical significance of the UPR in Nevada;
 4. The Feather River Route for UPR in California;
 5. The strength of a unique franchise to operate in 23 states, in more than 7,000 communities with 45,000 employees;
 6. The trend of the total rail cars originated and terminated in Nevada for the top five commodities shipped and received in 2009;
 7. The Environmental Management Program of UPR; and
 8. Union Pacific Railroad investments in Nevada in the last two years.
- In response to questions from Senator Nolan, Mr. Moore explained that in northern Nevada the Burlington Northern Santa Fe Railway has trackage rights as a result of a merger agreement and operates on the UPR rails, along with Amtrak trains. He informed the Subcommittee of a project that the Mexican government is investigating for a port at Punta Colonet, Baja, Mexico, and stated that UPR is no longer an investor in the project. Potentially, if the project is developed, the transportation routes would connect to the UPR "Sunset" rail line near Calexico, California, and Yuma, Arizona. Mr. Moore commented on moving from truck to rail logistics and stated that with today's fuel prices a rail move of less than 500 miles in the western U.S. is not competitive, unless a product requires movement by rail. However, he opined that traffic congestion and fuel prices could change that scenario. In conclusion, Mr. Moore stated that investments are being made in northern Nevada along the central corridor, which would be the key central route to serve the California market and a marshaling area for product moving eastward.

- In response to a query from Assemblywoman Gansert, Mr. Moore agreed to research why the total cars originating and terminating in Nevada have declined approximately 33 percent from 2006 to 2009 and will report to the Subcommittee. Continuing, Mr. Moore explained the southwest and southeast regions are the fastest growing areas in the U.S., subsequently the rail lines connect to the port in Long Beach and ports in the southeast. The UPR invested in the southern “Sunset” rail line because product was not being readily shipped from Los Angeles, California, to El Paso, Texas, and that line is the gateway to the southwest and southeast. He added that Chicago is a key destination point, so UPR is also investing in the central corridor to connect to Oakland, California. He was of the opinion that moving goods along the southern line is less costly because of the level terrain, which equates to lower fuel costs.
- Mr. Moore and Mr. Guild, previously identified, offered to be available to discuss issues regarding rail movement from Colton, California, to Las Vegas and other issues regarding UPR.

SOLICITATION AND SUBCOMMITTEE DISCUSSION OF POSSIBLE RECOMMENDATIONS RELATING TO THE DEVELOPMENT AND PROMOTION OF LOGISTICS AND DISTRIBUTION CENTERS AND ISSUES CONCERNING INFRASTRUCTURE AND TRANSPORTATION

- Buzz Harris, Nevada Highway Users Coalition, presented information on proposals to pay for transportation routes and offered to submit recommendations for the Subcommittee’s Work Session.

PUBLIC COMMENT

- No public comment was submitted to the Subcommittee.

Chair Atkinson stated the Subcommittee’s Work Session would be held at 1 p.m. on June 21, 2010.

ADJOURNMENT

There being no further business to come before the Subcommittee, the meeting was adjourned at 11:07 a.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.

[Exhibit B-1](#) is a Memorandum to President Milton D. Glick, UNR, from Elliott Parker, Faculty Senate Chair, dated April 23, 2010, submitted by Dale S. Rogers, Foundation Professor, Logistics and Supply Chain Management (SCM), and Director, Center for Logistics Management, University of Nevada, Reno (UNR).

[Exhibit B-2](#) is a document from Richard Mason, Chair of Accounting, College of Business, UNR, dated April 22, 2010, submitted by Dale S. Rogers, Foundation Professor, Logistics and SCM, and Director, Center for Logistics Management, UNR.

[Exhibit B-3](#) is a memorandum of notes from Dr. Judy Strauss, Associate Professor of Marketing, UNR, College of Business Administration, Faculty Senate Representative, dated May 5, 2010, submitted by Dale S. Rogers, Foundation Professor, Logistics and SCM, and Director, Center for Logistics Management, UNR.

[Exhibit B-4](#) is a packet of 94 support letters for the SCM Program, UNR, submitted by Dale S. Rogers, Foundation Professor, Logistics and SCM, and Director, Center for Logistics Management, UNR.

[Exhibit B-5](#) is a document consisting of the Supply Chain Management Program faculty appeal of the proposed elimination of the SCM Program submitted by Dale S. Rogers, Foundation Professor, Logistics and SCM, and Director, Center for Logistics Management, UNR.

[Exhibit C](#) is a Microsoft PowerPoint presentation titled “Union Pacific Railroad–‘Building America’ for Economic Growth and Development in Nevada” dated June 2, 2010, presented by Scott Moore, Vice President for Government Affairs, Western Region, Union Pacific Railroad.

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.