

Nevada Commission on Economic Development A 2-Year Retrospective: 2008-2009

Highlights

- The Nevada Commission on Economic Development helped to sustain, retain and create more than 12,736 jobs for Nevadans.
- Nevada gained \$1.34 billion in new capital investment through business incentive applications submitted to the Commission.
- Procurement Outreach clients reported secured government contracts for products and services with a total new sales value of nearly \$565 million.
- Global Business Development activities including foreign trade shows, trade missions and inbound buying missions from other countries resulted in \$32 million in new sales for Nevada businesses.
- The Community Development Block Grant program infused \$6.6 million into rural Nevada for infrastructure and capacity building—resulting in 113 local contracts for engineering and construction contractors with a total value of \$4.9 million.
- The Nevada Film Office facilitated more than 900 film projects—including the Disney adventure film, *The Race to Witch Mountain* and *The Hangover*, the second highest grossing comedy of all time.

In Brief

The Nevada Commission on Economic Development's programs create conditions for businesses to succeed and the economy to grow. Collectively, the Commission's business and community development efforts conservatively resulted in \$1.94 billion of new money being infused into Nevada's economy.

Job creation is a by-product of successful economic activity. The Commission's programs helped to sustain and create 12,736 jobs for Nevadans. New and expanding businesses appearing before the Commission created 1,221 new jobs at an average hourly wage of \$22. The government contracts secured by Procurement Outreach clients retained and created 11,063 jobs. Nevada companies participating export programs helped to sustain 452 jobs.

Collectively, the 23 new and expanding businesses assisted by NCED's Business Development and Research Division in 2008, invested \$598 million in Nevada. They created 527 new jobs at an average hourly wage of \$22.18 which will infuse more than \$23 million in wages annually into the state's economy for a minimum of five years.

Despite the economic challenges in 2009, the Commission assisted 22 businesses. The businesses collectively made capital investments totaling \$737.5 million, and created 694 new jobs. The average hourly wage for these jobs is \$23.30. Nevada's economy will benefit from the \$28 million in wages generated by these jobs each year.

The Business Development Division's active participation in targeted industry trade shows added 181 new leads into the pipeline including Solar Reserve. In late 2009, the company announced a 100 megawatt project in Tonopah, Nye County that will create 450 construction and 45 permanent jobs. NCED anticipates that 14 percent of the companies in the pipeline will make expansion and

relocation decisions in the third and fourth quarters of fiscal year 2010. Those 46 companies represent \$1.3 billion in new capital investment and 3,696 jobs for Nevada.

For 2008, Procurement Outreach Program (POP) clients reported a total of 904 contracts and subcontracts with government entities or prime contractors. The total value of all contracts during the reporting period was \$173,205,937, and these contracts created or sustained 3,452 jobs for Nevadans.

There was a significant increase—430 percent—in contract awards and jobs created or sustained in 2009. POP clients reported a total of 4,793 contracts and subcontracts with government entities or prime contractors. The total value of all contracts during the reporting period was \$381,889,665. According to the Department of Defense, these contracts created or retain approximately 7,611 jobs in the state. These numbers reflect 20 percent of Procurement Outreach clients reporting successful bid awards.

Although the number of clients counseled is not a performance measure, the Procurement Outreach Program saw an increase of 152 new clients during 2008, and an additional 205 businesses joined the program in 2009. Nevada businesses are responding to the economic downturn by seeking government contracts, and it is the Commission's job to provide the technical assistance to help them be successful.

A Northern Nevada-based janitorial firm reported the award of several new federal and state government contracts during 2009. The contracts are for multi-year engagements with a value of just over \$1 million.

In addition to assisting clients with bid opportunities, the program also provides technical support to companies after contracts have been awarded. In mid-November 2009, when a Las Vegas-based company was on the verge of laying off workers because it had not been paid by the prime contractor Lockheed Martin, POP intervened and within a week the company received a check for \$600,000. POP's quick action helped to keep Nevada workers on the job.

Nevada's exports reached a record-breaking \$6.119 billion in 2008. According to the U.S. Department of Commerce (DOC) statistics, these exports supported 86,183 jobs in Nevada that pay 17 percent more than the same jobs in non-exporting companies.

The worldwide economic recession took a toll on U.S. exports; however, Nevada's significant export growth in recent years better positioned the state to ride the storm. The state's exports through October 2009 were \$4.8 billion. Every \$71,000 in exports creates one new job according to the DOC.

The state's top export markets are Switzerland, Canada, China, Mexico and Japan with only Switzerland (7%) and Mexico (21%) showing growth through October. In Nevada's top 20 markets, major growth occurred over 2008 in Argentina (34%), Thailand (110%) and South Africa (20%).

During the two year period, Nevada's permanent and Honorary Consular Corps grew to 25 with the addition of honorary consuls representing Switzerland, Italy, El Salvador, Lithuania, Namibia and Poland. The placement of a honorary consul for Switzerland is significant in that it is Nevada's largest export partner. The consulates work to promote business, cultural and educational exchange.

The Australian Consulate provided the introduction of business representatives from the Australian Zoo. The placement of the Australian Zoo in Las Vegas represents a potential capital investment of \$100 million and 1,000 new jobs for Nevadans.

The State of Nevada Community Development Block Grant (CDBG) program has a long history of helping to build infrastructure in Nevada's rural communities. In 2008, the CDBG advisory board awarded 20 new grants to 17 rural Nevada communities totaling \$2,838,945. The projects included public facilities, public service initiatives, planning, housing rehabilitation, business counseling and the acquisition of real property. The CDBG grantees initiated 46 contracts for engineering and

construction worth a total of \$2.2 million. It is estimated that 55,208 people in rural Nevada will benefit from the awarded projects.

In 2009, the Nevada CDBG program's funding came from regular Housing and Urban Development (HUD) funds and American Recovery and Reinvestment Act (ARRA) funds. The State of Nevada CDBG program received \$740,431 in ARRA funds. With the combined funds, CDBG awarded 40 new grants to rural Nevada communities totaling \$3,831,187. The projects included public facilities, public service initiatives, planning, housing rehabilitation, business counseling and the acquisition of real property.

The CDBG grantees initiated 67 contracts for engineering and construction worth a total of \$2.7 million. Nearly 190,000 people in rural Nevada will benefit from the awarded projects. The Nevada CDBG program passed audits in 2009 by Kafoury Armstrong and the U.S. Department of Housing and Urban Development without exception.

Each year the Nevada Film Office (NFO) facilitates hundreds of feature films, television productions, music videos, documentaries, commercials and other new media products which are filmed throughout Nevada resulting in an exceptional return on investment for the state—an approximate 145-to-1 ratio for revenues versus dollars allotted in which the NFO has averaged over \$100,000,000 in annual production revenue for the past nine consecutive years. In 2008 and 2009, the NFO assisted nearly 900 productions in Nevada including the hit films *Race to Witch Mountain* and Golden Globe winner for Best Film (comedy or musical) *The Hangover*.

Other notable Nevada productions over the past two years included top rated television shows such as *CSI*, *American Idol*, *Dancing with the Stars*, *America's Next Top Model*, *World Series of Poker*, *Last Comic Standing*, *Prison Break*, *Extreme Makeover Home Edition*, *Let's Make a Deal* and cable hits such as the History Channel's *Pawn Stars* and *Bravo Channel's Top Chef*. The recently released feature film (and Golden Globe nominee) *Up In The Air*, and the soon to be released features *Percy Jackson & the Olympians: The Lightning Thief*, Sofia Coppola's *Somewhere* and *The Other Guys*, featuring Mark Walberg and Will Ferrell, will further promote and spotlight the Silver State on the big screen, having a positive impact on the economy as well as tourism.

The NFO is recognized by filmmakers and producers for its exceptional customer service and production knowledge making Nevada a premier film-friendly production destination. Each year the Nevada Film Office publishes its annual Nevada Production Directory which showcases the talented and award-winning professional crews and state-of-the-art pre and post production facilities throughout the state to filmmakers and producers around the world.

The NFO's website allows filmmakers and producers 24/7 access to thousands of unique locations and averaged 200,000 hits per month including visitors from Germany, the United Kingdom, Mexico, the Netherlands, Scotland and Japan.