



# Establish A Cohesive Economic Development Operating System

Nevada's first task is to create a strong, coherent organizational structure that is effective in delivering economic development throughout the state. During the first half of 2012, the Governor's Office of Economic Development (GOED) will fully establish its organizational structure and support

the formation of the regional development authorities. Simultaneously, the Regional Development Authorities (RDAs) will focus on constructing practical, measurable economic development plans for their regions. By July 2012, the operating system will be in place.

## Benchmarks

- State and regional economic development system in place.
- Accountability expressed in annual achievement reports.
- Presentation of cohesive economic development message.
- State and regional clearinghouses of economic development information established.

## Strategic Initiatives

*Unify the economic development effort  
Launch Regional Development Authorities  
Develop data and metrics that matter*

### Unify the Economic Development Effort

The publication of this first State Plan for Excellence in Economic Development marks an important step toward unifying Nevada's vision of a vibrant, innovative economy. Going forward, GOED will provide leadership and strategic direction with improved public accountability, transparency, and effectiveness, collaborating with a broad and unprecedented range of partners at the federal, state, and regional levels. The following tactics will implement this strategic initiative.

### Key Tactic #1

During 2012, GOED will **structure an office** designed to execute its objectives. As a new member of the Governor's Cabinet, GOED's Executive Director will be closely involved in the overall administration of state government. The Executive Director will have a peer relationship with the directors of other state agencies and will be able to comment immediately on regulatory efforts that affect Nevada's business ecosystem. To facilitate implementation of the State Plan, Regional Directors will work closely with economic development partners, including local governments, educational institutions, and the private sector in each region throughout the State. The hiring of Industry Specialists will be an important step toward maximizing regional cluster development and is expected to produce measurable outcomes throughout the State. By July 1, 2012, GOED will hire at least five Industry Specialists.

### Key Tactic #2

Beginning in 2012 and accelerating into 2013, GOED will focus on **branding and communicating** Nevada's economic advantage. To brand the State effectively and facilitate a cohesive message, GOED will work with the new Department of Tourism and Cultural Affairs to develop a brand that drives revenue through raising awareness of Nevada's distinctive business, recreation, and quality of life offerings. GOED's professional Communications Manager will concentrate on disseminating Nevada's message through traditional and innovative means. In addition, GOED's website will be reconstructed to provide a more user-friendly and useful portal to information about starting and maintaining a business in Nevada, to analyses of the targeted sectors, and to data about economic development progress in the regions and statewide. This interactive website will be launched in 2012.

### Key Tactic #3

Two of GOED's most important tasks are the **retention and expansion of existing Nevada businesses**. As the champion of Nevada business, GOED will strive to ensure that the State's regulatory environment does not inappropriately hamper businesses or impede job-creation. A **regulatory and business environment working group** will be established to provide advice about proposed laws and existing regulations. In addition to advocating for streamlined, clear, and appropriate business regulation, GOED will reach out to existing companies with specific tools and offers of assistance. In particular, GOED and its partners will concentrate on supply chain enhancement and connecting Nevada businesses with potential customers both here and abroad.



The **Governor's Expansion Assistance Tour** will be conducted, in conjunction with Chambers of Commerce, development authorities, and other policymakers, throughout each year of the Plan. The tour will feature GOED's market-building programs, such as Global Business Development and Procurement Outreach, and new financial tools, such as the State Small Business Credit Initiative. This group of experts and advocates will travel throughout Nevada to meet personally with businesses over the next three calendar years and help them thrive.

The attraction of new businesses remains an important task to bring new jobs to the State of Nevada. GOED proposes to establish **Team Nevada** as a nonprofit marketing group consisting of public and private partners. This group will help fund business attraction through both national and international trade missions, often led by the Governor or one of the State Ambassadors. The necessary work to establish this formal organization will occur during 2012.

#### Key Tactic #4

A portion of GOED's biennial budget will be dedicated to awards and incentives designed to align the State's economic development efforts more quickly. The programs will be different each year, depending on the funds available and the outcomes desired. In 2012, the following awards will be offered:

- A fund of \$50,000 will reward **innovation in regional economic development**. The GOED Executive Director will utilize these funds to reward compelling responses to GOED's 2012 request for proposals (RFP) for the provision of regional economic development services. Successful strategic initiatives will be the ones that promise to accelerate the growth and expansion of regional clusters and potentially serve as models for other regions. The first Most Compelling Strategies Award(s) will be announced in June 2012.
- Another award seeks to achieve one of the most important goals in Nevada's new economic development paradigm: **regional collaboration**. The Executive Director will manage a fund of \$25,000 for one or more awards, also based on the RFP responses. A proposal that actively incorporates collaboration and inclusiveness is expected to have the highest chance to produce results and will be recognized. The first Collaboration Award(s) will be announced in June 2012.
- A fund of \$150,000 will be utilized to incent entrepreneurship. Three **concept-to-company contests** will be conducted – one in the Las Vegas area; one in the Reno area; and one in the rural area – and the winning businesses will receive awards to help make their ideas a reality.

## Key Tactic #5

Nevada's newest and most visible incentive program is the **Catalyst Fund**, which was proposed by Governor Sandoval and funded through a \$10 million legislative appropriation, with the intended purpose of accelerating job creation in Nevada. Early in 2012, the Nevada Commission on Economic Development will promulgate the necessary regulations to allow GOED to allocate funds during the next 18 months.

In the form of allocations, grants, loans, or loan guarantees, Catalyst Funds will be utilized for projects that align with the State Plan and its focus on targeted opportunities and high-value job creation. State law requires that Catalyst Funds be used to provide such resources to businesses seeking to create or expand in Nevada or relocate to Nevada.

Upon receipt of a Catalyst Fund application, the Executive Director will determine whether its approval will promote the economic development of the State and aid the implementation of the State Plan. The Executive Director may allocate, grant, or loan Catalyst Fund resources for an application of less than \$100,000. The Board of Economic Development must approve any allocation, grant, or loan that is \$100,000 or more. Any allocation not used in accordance with the agreement between the pertinent RDA and GOED must be returned.

If the Catalyst Fund proves to be effective, the 2013 Legislature will be asked to ensure that this program remains fully funded.





## Launch Regional Development Authorities

Regions are where economies really exist. They are where sectors are centered, critical assets are concentrated, and supply chain elements are congregated. Regions are home to our labor pools and our educational institutions. Regions are also where the solid execution of innovative ideas will lead to real jobs.

Nevada encompasses a diversity of communities whose economies vary by geography, size, and opportunities. Focusing on regionalization recognizes those varieties while engendering collaboration toward common goals.

### Key Tactic #1

Nevada's economic development efforts will feature the **designation of RDAs**, which will have access to state resources, including funding for operations and administration. State law assigns the responsibility for designating RDAs to GOED's Executive Director.

As the central points of contact for economic development in the regions, RDAs must have the capacity to lead the regional economic development efforts and must collaborate with, and have the support of, their communities and pertinent economic development partners. In addition, an RDA must measure its performance and develop management decisions based on data and information identified in collaboration with GOED and the State Plan for Excellence in Economic Development.

Successful RDAs will be those that focus their efforts and activities on the three key aspects of economic development:

- The creation and development of new businesses;
- The retention and expansion of existing Nevada companies; and
- The attraction and relocation of companies from outside our state.

This three-pronged approach will significantly and effectively drive the establishment of high-quality jobs in Nevada.

GOED expects that each RDA will engage in programs and projects that will:

- Develop and execute an appropriate regional economic development plan aligned with the State Plan;
- Provide easily-accessible regional economic development information, including regional assets;
- Drive sector and cluster advancement that create jobs;
- Work with our community colleges and state agencies to know and meet the region's workforce development needs;
- Cooperate with research institutions to increase innovation commercialization and technology transfer;
- Increase exports and foreign direct investment;
- Foster regional incubation of start-ups;
- Effectively market the region and its pertinent sectors; and
- Advocate for necessary improvements to the region's business environment.

To be designated an RDA, an entity must be a local government, a private organization, or a combination of the two. If a local government, it must be an incorporated city, a county, or a local agency constituted for the purpose of economic development in the jurisdiction. If a private organization, it must be a nonprofit, domiciled in Nevada, registered with the Secretary of State, and constituted for the purpose of economic development. Consortia of local governments, private economic development organizations, or a combination thereof may apply for designation. GOED, however, encourages truly regional efforts aligned with real economies, with participation by all jurisdictions within the region. Where RDA territories abut, cross-border cooperation is a significant priority. Additional specific criteria for RDA designation will be included in requests for proposals issued by GOED.





The first round of designations will occur in the first half of 2012. The Executive Director is not limited in the number of RDAs that may be designated.

State law now requires that GOED utilize an RFP process to allocate administrative funds to RDAs for the provision of economic development services. For Fiscal Year 2013, approximately \$2.4 million to \$2.8 million will be made available to RDAs for operating and marketing.

Following is the RFP schedule to obtain operating funds for FY2013:

<u>Task</u>	<u>Deadline</u>
Issuance of RFP requesting economic development services.....	March 30
RDAs respond.....	April 30
GOED awards operating funds for FY2013 .....	May 30
Execute contracts between GOED and RDAs.....	June 30

State law also requires that all entities responding to the RFP be RDAs; therefore, the Executive Director will grant temporary RDA designation to all entities that wish to respond to the RFP and that meet the basic criteria. Temporary designations will expire on June 1, 2012. Entities that receive administrative funds will be formally designated RDAs until the next application process for administrative funds.

At a minimum, state law specifies that a response to the RFP must include the following statements:

- The services to be provided by the regional development authority;
- The plans, projects, and programs for which the RDA is seeking to enter into the contract;
- The expected benefits of the contract; and
- The short-term and long-term impacts of the contract.

The criteria for evaluating RFP responses will include:

- Evidence of partner, stakeholder, and elected official support and collaboration;
- Financial commitment from public and private sector partners;
- Demonstration of depth and breadth appropriate for the region;
- Strength of proposed metrics and outcomes; and
- Alignment with State Plan for Excellence in Economic Development.

Funding will be provided on a quarterly basis and will be contingent on demonstrated progress toward achieving goals and performance targets. Quarterly reports, based on agreed upon performance measurements, will be due within 20 days of the end of each quarter.

State law requires that these reports include, but not be limited to, the following items:

- A description of each activity undertaken with funding provided pursuant to the contract and the amount of funding used for each such activity;
- The return on the funding provided pursuant to the contract;
- A statement of the benefit to the public; and
- Any other documentation required by the Executive Director.





## Key Tactic #2

In preparing a **regional economic development plan**, a planning authority must consider the prior planning efforts for that region and incorporate broad community and private-sector outreach and participation. A regional economic development plan should include:

- A clear vision for regional economic development tuned to the State’s objectives;
- Thorough assessments of regional conditions, assets, and obstacles;
- An action plan for the next three years to grow, expand, and attract businesses;
- Specific sector objectives and benchmarks, strategic initiatives, tactics, and performance measures;
- Strategic initiatives to strengthen the region’s entrepreneurship, technology commercialization enterprises, global engagement, and workforce training capabilities;
- Potential funding sources;
- A discussion of the regional plan’s intersections with the State Plan for Excellence in Economic Development;
- Development and maintenance of a regional information clearinghouse; and
- Benchmarks and performance measures that align with the State’s accountability system.

A regional economic development plan will clearly demonstrate collaboration with the region’s business community, government agencies, education system, workforce training programs, and community development efforts.

In addition, for those regions eligible for federal assistance from the U.S. Department of Economic Development, GOED strongly encourages regional development plans that meet the federal requirements for a Comprehensive Economic Development Strategy (CEDS).

Recognizing that Nevada’s regions are currently in different stages of economic development planning, GOED will provide staff and funding assistance where they are most needed. A fund of \$250,000 will offer matching funds not to exceed a third of the cost of producing the regional plan. No region may receive more than \$150,000. If, however, the approved funding requests total more than \$250,000, funding will be allocated proportionally, based on the total approved requests.

In addition, GOED will provide \$50,000 for a program initiated by the U.S. Department of Agriculture titled “Stronger Economies Together” (SET) to assist with regional sector alignment in a rural environment. The SET process is expected to result in the production of a regional economic development plan for the participating rural counties.

Following is the schedule for producing regional economic development plans:

<u>Task</u>	<u>Deadline</u>
Apply for state funding assistance .....	March 30
State funding determination .....	April 15
Initial work product to GOED .....	June 30
Final plan to GOED .....	August 30

GOED recognizes that some regional plans, especially those seeking CEDS certification, might not be completed within this timeframe. At the discretion of the Executive Director, the planning cycle may be separated into two stages, with the above deadlines and funding support applicable to the first stage.

## *Develop Data and Metrics That Matter*

Like any strong, successful business, GOED must demonstrate a measurable return on investment. In addition, solid data and correct metrics can help drive achievement at both the regional and state levels. As a result, data collection and management will be a crucial focus for GOED.

### **Key Tactic #1**

GOED's data expert will be responsible for developing a useful matrix of regional and state metrics as the basis of a **state economic development information clearinghouse**. Working with economists in the Nevada System of Higher Education (NSHE) and the Department of Employment, Training, and Rehabilitation (DETR), GOED will conduct the following tasks:

- Evaluate data already being collected;
- Eliminate duplicative efforts;
- Identify gaps in the data;
- Ensure uniformity of data collection at both the regional and state levels;
- Develop data-based analysis about clusters, sectors, regions, and the state;
- Share data with economic development partners and interested businesses; and
- Disseminate information in an easily understandable format and on a regular schedule.



Certain data areas will be addressed immediately. For example, the focus on specific sector development requires data by sector and by region. To be determined in 2012 are standard definitions, firm lists and specialties, and key data concerned with workforce, occupations, and the market. Market variables include labor force dynamics, the occupational profiles of existing jobs, skill requirements, and skill gaps. In addition, time-series data will be essential to enhance our ability to evaluate changes, particularly longer-term changes in employment and unemployment. GOED will work closely with DETR to expand variables in the Nevada Workforce Informer.

A concentrated effort by RDAs will analyze the specific reasons that businesses ultimately choose to relocate to or expand in a state other than Nevada. This information will be included in GOED's annual report.

During the next three years, the expected outcomes include an improved, fully integrated, and interactive website, containing a user-friendly portal for business information, links to regional and private efforts, and a scorecard of our progress toward economic development goals. Other outcomes will include comprehensive and regular reports; the launch of an asset mapping function; and the integration of information management systems among economic development partners throughout the State.



## Key Tactic #2

In addition to data collection and analysis, the robust development of Nevada's new economic development strategy requires thorough research into specific subject areas. During 2012, GOED will conduct the following studies:

- Pursuant to Assembly Bill 182 passed by the 2011 Legislature, GOED is required to conduct a study to examine the feasibility of, and develop a state plan for, **inland ports** in Nevada. GOED will develop an RFP to secure expert assistance in the conduct of this study. The outcome will be a master recommendation for specific inland port sites with the potential for federal approval and agreements from pertinent state agencies, affected local governments, and transportation service providers.
- GOED and the Governor's Office of Energy will partner to study the necessary business **model for energy exports** and Nevada's capabilities in that area. Also examined will be how Nevada might partner with neighboring states to improve Nevada's energy costs, including a consideration of project development, operations, and transmission.
- A study of the competitiveness and effectiveness of Nevada's tax **incentives and abatements** will be undertaken. In addition to evaluating the existing system, the study will consider the concept of creating regional innovation districts and the advisability of developing incentives for energy rates, research and development, and the production of feature films and television. Outcomes will include recommendations to the 2013 Nevada Legislature. With a nationwide comparison, this study will enable Nevada lawmakers to develop effective legislation to mobilize the specific clusters designated as Nevada's emerging industries.

In all, the research and data functions of GOED will provide important information that will be used by GOED and all of its economic development partners to accomplish the following:

- Evaluate the performance of GOED and its partners;
- Determine future designations of regional development authorities;
- Mutually define metrics and identify outcomes;
- Inform Catalyst Fund decisions;
- Drive accountability;
- Reward results;
- Correct or eliminate ineffective programs; and
- Share best practices.