



NEVADA

COMMISSION ON
ECONOMIC
DEVELOPMENT



DiversifyNevada.com

A Strategy for Economic Diversification
March 2011

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A Note from the Executive Director



The Nevada Commission on Economic Development (NCED) was created in 1983 to diversify the state's economic base and reduce dependence on revenues solely from sales tax and gaming. These revenue sources are reliable during periods of high growth, but are fickle in an economic downturn such as we are experiencing.

NCED has lacked the resources to completely attain its compelling vision, but over the years the agency has promoted economic growth and diversification. For example, it helped increase the number of people employed in non-gaming activities from 78 to 84 percent of the total workforce. This was achieved during a period of high growth, so the numbers of jobs are even more dramatic than the percentages. To accomplish this, the Commission collaborated with a network of local economic development professionals in business recruitment, expansion, education, and labor force development.

There is need to do more. The current economic downturn has been devastating to our economy. Nevada is being confronted with the worst economic challenge the state has experienced in 25 years and presently has a state-wide unemployment hovering at 14 percent. This translates to approximately 182,000 Nevadans without employment as we end 2010—which is unacceptable.

Through the execution of this strategic plan for economic growth and diversification, the Commission must provide the leadership to truly broaden our economy. This will be achieved by focusing on key initiatives which have been reviewed and honed by the New Nevada Task Force—a 28-member business advisory committee.

The initiatives included in these pages are the basis of our strategy to move the economy of the Silver State forward and restore Nevadans' hope in a better tomorrow.

The partners listed in this plan come from all walks of life throughout Nevada and multiply the resources of the NCED team. Join with us as we implement this diversification strategy.

Regards,

Michael E. Skaggs
Executive Director
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A strategic plan is a living document, and should be revisited annually. The Nevada Commission on Economic Development appreciates the collective wisdom and vision of the New Nevada Task Force for their valuable insights in revising this plan for 2011 to better refine our pathways to a more resilient economy.

It would be unfair to the readers of this document to assume they have read the task force's reports. The final recommendations of the New Nevada Task Force have been summarized and included in the *Key Strategic Initiatives* section of this plan.

The opportunities presented have been rolled into the appropriate service units as objectives, goals and action items. For planning purposes, two new service units have been outlined in this document. Due to current budgetary limitations, the initial focus will be on the scalability of existing assets and resources.



NCED: Mission, Vision and Core Values

Mission

The Nevada Commission on Economic Development promotes a robust, diversified and prosperous economy, enriching the quality of life for Nevada citizens by stimulating business expansion and retention, encouraging entrepreneurial enterprise, attracting new businesses and facilitating community development to enable economic growth and prosperity.

Vision

Founded on principles of innovation, sustainability and inclusiveness, Nevada's economic platform will be driven by renewable energy, future-based technology and human ingenuity to promote new business opportunity in every community. Through collaboration and strategic alliances Nevada will become the national model for economic and community prosperity by 2015.

Core Values

- We are an experienced, results-driven team committed to providing accountable leadership and programs to promote economic vitality in Nevada.
- We are a dynamic team of professional service-providers characterized by our integrity, honesty and compassion, committed to seeing Nevada prosper.
- We are dedicated to building collaborative and productive relationships for responsive and efficient delivery of services.

Positioning Statement

NCED is the strategic state agency that provides diversified high growth companies with unique high level focused access to Nevada's statewide economic development resources and support network, that empowers them to be more successful both domestically and abroad, by increasing their revenues, reducing their costs and improving their profitability.

Laying the Keystones for Nevada's Economic Recovery

The Nevada Commission on Economic Development (NCED) fosters conditions for businesses to succeed and the state's economy to grow. We measure our success through primary job creation and capital inflows.



Putting Nevadans to work is paramount—and, we are increasing the number of “primary jobs” in Nevada further supporting new inflows.

Economic development is the process of facilitating a robust economy by supporting the activities that introduce new money into the state's economy. Capital investment by new or expanding businesses and the establishment of operations or joint ventures by foreign investors are some of the types of business activities that generate an inflow of new money. New contract sales of Nevada-made goods and services to clients outside the state's geographic borders or internationally represent another inflow dollars.

Jobs. *As a direct result of NCED's consolidated business development programs, 22,865 Nevadans were gainfully employed during the past two years and nine months.*

New Money. *Collectively, the Commission's business and community development efforts conservatively resulted in \$3.84 billion of new money infused into Nevada's economy.*

■ Sustaining and fostering primary job creation

Companies meeting the state's eligibility requirements for incentives were responsible for the creation of 1,854 new primary wage jobs. These companies introduced \$78 million dollars in new wages into Nevada's economy during the reporting period, and the companies are contractually obligated to maintain the incentivized job counts and wage levels for five years. When the last incentive contract awarded during this period expires in 2016, these companies will have contributed \$390 million in wages into the state's economy.

The agency provided other technical assistance to companies that created 2,975 primary and secondary jobs for Nevadans, which did not qualify for incentives.

Nevada businesses working through the federally-matched, NCED-administered Procurement Outreach Program reported successful contract bids that supported 17,826 jobs for Nevada workers.

Foreign direct investment in Nevada created 200 new jobs in the state's renewable energy, technology and minerals sectors.

In addition, Federal Stimulus funds administered through the Community Development Block Grant program supported 10 jobs in rural Nevada.

While we track the number of jobs sustained by Nevada export activities because they are a global business indicator, the jobs are not included in our counts. According to the latest reports from the U.S. Department of Commerce every \$131,000 in exports supports one job. Nevada’s exports fluctuate with the price of gold, but through the third quarter of 2010 the state has recovered 2,227 jobs lost in the past 12 months.

■ Inflows—New Money

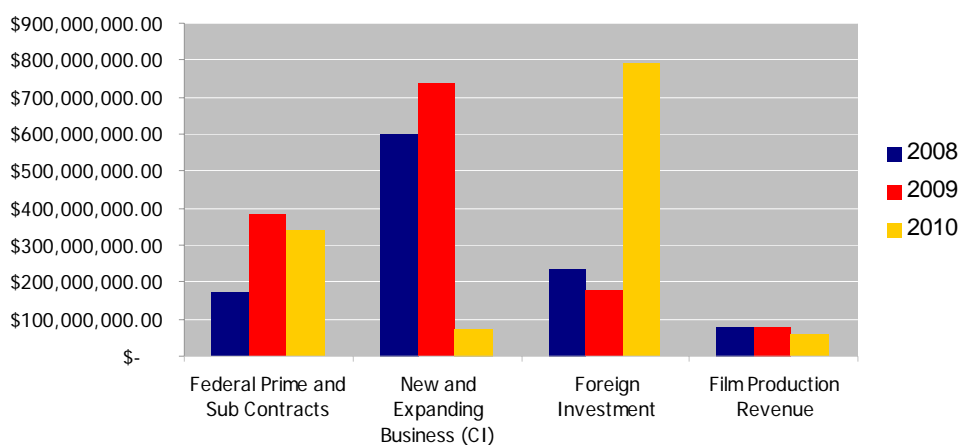
Collectively, the 23 new and expanding businesses assisted by NCED’s Business Development and Research Division in 2008, invested \$598 million in Nevada. They created 527 new jobs at an average hourly wage of \$22.18 which will infuse more than \$23 million in wages annually into the state’s economy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

Through the third quarter of 2010, ten qualifying companies have been awarded incentives. These companies have invested \$74,064,980 in capital improvements. They will create 624 jobs at an average hourly wage of \$21.46, which will infuse \$27,083,379 in new wages into the economy.

Looking at the three year period, the number of jobs created and wage levels have remained at consistent levels. The capital investment levels, driven by large scale utility projects, experienced tremendous fluctuation. In 2008, 50 percent of the companies appearing before the commission represented renewable energy projects and in the following year 63 percent of the applications for incentives came from the renewable energy sector.

New Money Inflows



In 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.

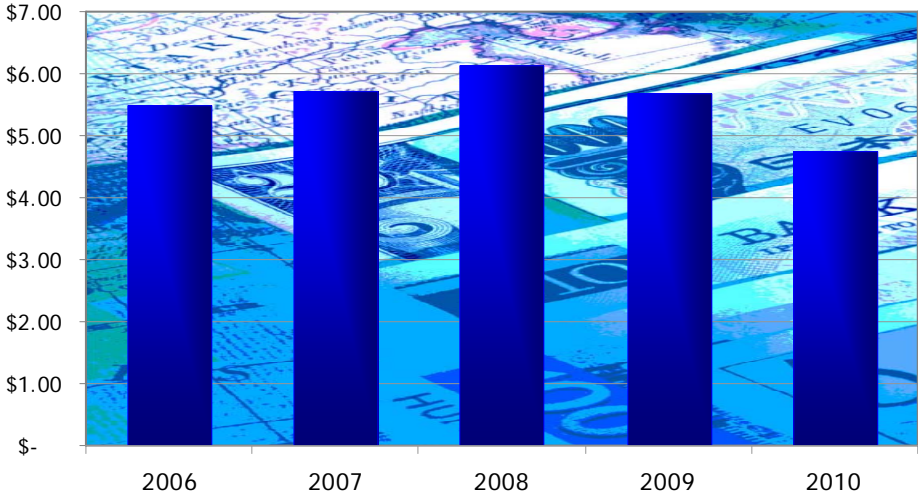
There was a significant increase—430 percent—in contract awards and jobs created or sustained in 2009. POP clients reported a total of 4,793 contracts and subcontracts with government entities or prime contractors. The total value of all contracts during the reporting period was \$381,889,665. According 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.

From January 1 through September 30, 2010, POP clients reported a total of 421 contracts and subcontracts with government entities or prime contractors. The total value of the contracts during the reporting period is \$340,031,079 creating or retaining 6,763 jobs at an approximate wage of \$24 per hour.

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 46,726 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 2009 were \$5.67 billion. Through 2010-to-date, Nevada’s businesses exported goods to more than 170 countries at a value of \$4.75 billion. Every \$131, 000 in exports creates one new job according to the DOC. The state’s top export markets continue to be Switzerland, Canada, China, Mexico and Japan.

Nevada Export Activity in \$ Billions



Looking at the Foreign Direct Investment (FDI) coming into Nevada announced during the period, the most significant was that announced by China. The primary reason that FDI interest increased from China is that in September, 2009, Lt. Governor Brian Krolicki signed a Memorandum of Understanding (MOU) with the Chinese Investment Promotion Agency (CIPA), part of China's Ministry of Commerce, to encourage Chinese investment into Nevada specifically in the areas of renewable energy, mining, agriculture and tourism/conventions.

A significant public announcement about Chinese FDI coming into Nevada was made in March, 2010, by A-Power Systems on establishing a wind turbine manufacturing facility for the U.S. market. The Southern Nevada-based 340,000-square-foot manufacturing facility will employ 1,000 people at an initial investment of \$344 million.

In September, Canon Investment Holdings announced the purchase of a controlling interest in Altair Nanotechnologies, providing \$48.9 million in proceeds to fund the contemplated establishment of a lithium-titanate manufacturing facility in China and Altair's working capital requirements and operations in the United States.

Under a separate conditional supply and technology license agreement, Altair has agreed to sell to Canon affiliate Zhuhai Yintong Energy Co., Ltd. (YTE) an ALTI-ESS 1 Megawatt system, battery cells, and its proprietary lithium-titanate material to be used in the production of battery cells in China. The agreement provides up to \$6.6 million in revenue to Altair by the end of 2011 including an advance of \$2.0 million for lithium-titanate at the time of signing.

The FDI figures for the period exclude Nevada gaming property or stock investments which exceeded \$8.3 billion. Dubai World invested \$2.7 billion to gain a 50 percent interest in City Centre and put \$2.4 billion into MGM Mirage stock. Elad Properties of Israel invested \$1.2 billion for the 40-acre New Frontier property. Australia-based entertainment giant, Crown Ltd. invested \$1.8 billion in Cannery Casino Resorts for a 24 percent share. Crown also bought a 20 percent stake in Fontainebleau on the Strip for \$250 million, and purchased the former Wet 'n Wild site for \$22.5 million.

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.

In March and May 2010, the CDBG Advisory Committee allocated 2010 federal funding to 23 projects in 19 communities valued at \$2,720,891. Grant awards for these projects were issued in July 2010. The estimated number of people in rural Nevada to benefit from these projects is 63,506 of which 39,133 have been estimated to be low to moderate income.

In addition to the above 2010 allocation, the CDBG program set aside \$175,000 from 2010 funding to recapitalize the revolving loan fund for small businesses in rural Nevada.

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 \$80,000,000 in annual production revenue for the past nine consecutive years. The NFO reported \$58,805,450 in film production revenues for the first three quarters of 2010.

Major Challenge Areas (MCAs)



Major challenges define why an agency exists, they clarify its reason for being. In this case, they are the most significant problems or issues the agency currently faces or sees in the near future. The challenge areas reviewed below have been selected on the basis of their impact on the agency's productivity, efficiency, and effectiveness, on how they might impede the agency in fulfilling its mission, and on how much harm they might do to our communities.

5 MCAs

Insufficient
Employment
Opportunities for
Nevadans



■ Insufficient employment opportunities for Nevadans

Capitalizing on opportunities has historically been a cornerstone of Nevada culture. Nevadans are currently faced with an unfamiliar environment of limited opportunities to achieve prosperity. Opportunities to improve the quality of life often appear in the form of employment and income advancement. As of March 2011, Nevada's unemployment rate still hovers at 14.5 percent which equates to nearly 182,000 people in the state who are jobless.

Inadequate
Infrastructure in Rural
Nevada



- All but two of Nevada's 17 counties are below the national average wage. Two counties are earning only 75 percent of the national average wage.
- Almost one-third of employment was concentrated in Leisure & Hospitality; and, one-sixth of total employment was in the gaming sector. These high concentrations of jobs in industries susceptible to economic cycles create a volatile and unstable employment environment.

Perception of Doing
Business in Nevada



In the current economic environment, opportunities for Nevadans are being eliminated at an alarming rate and without jobs, communities will begin to implode. Nevadans will be forced to leave the state in search of employment and the state will be faced with declining demand, spending and property values which will all lead to reduced tax revenues and exacerbation of the current budget crisis.

Skilled Workforce
Shortage



■ Inadequate infrastructure in rural Nevada

There are areas in rural Nevada that exhibit the living conditions of developing countries. For example, there are communities that do not have running water 24 hours a day, with water and wastewater facilities needing significant repair, expansion or replacement. This is reflected in the number of applications the Community Development Block Grant (CDBG) program receives annually for infrastructure projects and the high proportion of CDBG funds spent on such projects. Dilapidated and inadequate infrastructure often leads to health problems and negatively impacts the community's overall attractiveness, which in turn limits growth.

Community Capacity
Issues in Rural Nevada

The costs are high to develop infrastructure in small communities and there is too little funding available. Navigating the path to access to federal funding is complex and financing results in utility rates that are unaffordable, especially for low income users.

Complying with regulatory requirements imposes an extreme burden, especially on small, rural jurisdictions.

Additionally, many communities have insufficient affordable housing, causing individuals and families to live in substandard facilities. In addition to water, wastewater, and housing, there are areas without the utility and communication infrastructure necessary to attract, retain and expand business or conduct the necessary levels of community commerce.

Many communities in rural Nevada have ambition to develop land surrounding their communities, but 86 percent of Nevada land is owned and managed by the federal government (via BLM). Unlike private land owners, there is no financial motivation for the federal government to use the land for its highest and best use. Many times the highest and best use of this land would be further private development. Privatization of this land would also create additional revenue for the struggling local governments in the form of property taxes.

■ **Known globally for hospitality/entertainment, not as a prime business location**
Inadequate understanding of Nevada's business advantages are limiting the state as a viable place to conduct business. Of CEOs surveyed by the nationally recognized public relations firm, Development Counsellors International, only 14 percent considered Nevada a first tier area for business relocation or new enterprises. As a result, Nevada sees fewer inbound leads and has a more difficult time developing prospects. This hampers Nevada's economic development, reduces options for attracting new businesses, and counters many programs established to build economic vitality.

According to a 2010 National Tax Foundation publication, Nevada has the fourth most friendly state tax business climate in the U.S. Competing states offer significant corporate income tax credits for new businesses but their short-term tax credits will never be as favorable as Nevada's corporate income tax-free status. The tax structure is one of, if not the best, asset Nevada has in attracting businesses and thus using commerce to build revenue.

Unfortunately, this lack of familiarity is not contained within the borders of the U.S. Surveys indicate that this problem persists with most foreign business owners and film industry professionals because their main perception of Nevada is narrowly focused on entertainment. This makes it difficult to attract new foreign direct investment and film producers to the rest of the state.

Clues to Rural Community Survival

Evidence of community pride



Emphasis on quality in business and community life



Willingness to invest in the future



Participatory approach to community decision-making



Cooperative community spirit



Realistic appraisal of future opportunities



Active economic development program



Presence of traditional institutions that are integral to community life



Sound and well-maintained infrastructure

Source:
Heartland Center
for Leadership
Development

■ Inadequate skilled workforce

The availability of a capable workforce with ample transferable skills is a major attraction to business. Nevada is 33 percent below the national average in the number of citizens with a Bachelors degree. It is ranked 48th out of the 50 states and Washington D.C. in the number of four-year public post-secondary education facilities and 43rd in the number of two-year, post-secondary education facilities. In addition, the availability of these training facilities in rural Nevada is relatively limited. The amount of resources from NCED to improve this measure is limited to the Train Employees Now (TEN) funding, which was eliminated in the past biennium. A portion of the TEN funding has been replaced through an agreement with the Department of Employment, Training and Rehabilitation (DETR), however, these funds are limited to primary employers engaging in an expansion or a new operation in Nevada.

■ Community capacity issues in rural Nevada

Research on community development, especially in rural America, by the Heartland Center for Leadership Development, the Pew Partnership for Civic Change and others, has shown that communities short on capacity and under-resourced are more likely to be weak in terms of growth and development, and less able to survive than well-capacitated communities.

Many communities, especially in rural Nevada, are under-capacitated in those areas necessary for growth and development, and this creates a huge challenge and problem for the Nevada Commission on Economic Development (NCED) as it strives develop renewable energy development opportunities for the state—with much of Nevada’s renewable resources located in the rural areas.

While cause and effect are sometimes hard to distinguish, inadequate community capacity can be seen in a number of ways. For example:

- Poor, sometimes dysfunctional leadership and leadership gaps in the civic, education and business fields;
- Inadequate strategic planning, little or no community vision, no realistic assessment of assets, strengths and realistic opportunities;
- Weak civic engagement by community residents reflected in inadequate voter turnout, low levels of volunteerism, and limited community pride;
- Frequent discord, lack of unity and cohesion within the community;
- Lack of resources – human, physical, and financial. A community that is resource-challenged will be under-capacitated;
- A lack of inward investment, and youth out-migration - two of the most serious characteristics of incapacitated communities and two of the hardest challenges to overcome.

All of the above situations reflect inadequate community capacity and different communities display these and other defects to varying degrees. Long term, sustainable economic and community development in communities throughout Nevada – the overarching mission of the NCED – can be seriously hampered by these capacity challenges. To meet its goals and objectives in regard to economic development, NCED often has to address these capacity issues first in a sensitive and timely manner, community by community, before seeing results in the areas of business recruitment, retention, expansion and development.

Long Term Goals or Major Focus Areas

The Long Term Goals or Major Focus Areas of the agency are the achievements or accomplishments that are proposed and expected over the next 5 to 10 years. These major focus areas essentially drive the agency's initiatives or actions. Below are summarized long term goals identified by the New Nevada Task Force.



Diversification and Jobs

Increased job creation and retention, and the enhancement of indigenous clusters and growth in business sectors other than gambling and mining, thereby increasing the non-gaming and non-mining employment figures, and tax revenues to the state from the non traditional sectors.

Business Empowerment Environment

Fostered the necessary infrastructure and conditions to grow existing businesses, attract new businesses and increase opportunities for productivity and exports from the state.

Contributed to a more attractive and business-friendly environment in Nevada by increasing the availability and effectiveness of workforce training and development programs resulting in a better educated and trained talent pool

Improved awareness and understanding of the state of Nevada as a great place to live and conduct business through B2B marketing.

Business Cluster Enhancement

Supported development and enhancement of Nevada's business clusters. Cluster-based analyses represent a fundamental framework for understanding local and regional economies and for developing indigenous, sustainable economic strategies—Nevada has existing clusters in financial services, light manufacturing, renewable energy, and pharmaceuticals and wellness.

Entrepreneurship & Technology Commercialization

Establishment of a technology commercialization platform in Nevada for the robust development of applied research in various business segments compatible with the assets existing or developable in the state, including renewable energy, aerospace, defense systems, and bioscience.

Land, Infrastructure Development and Community Capacity

Facilitated the successful transfer of BLM controlled land from the federal government to the state for specific uses that will benefit development of renewable energy projects and/or other uses benefitting the economic diversification of the state.

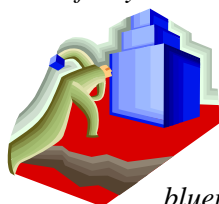
Preparation of rural Nevada communities and businesses within those communities to better identify their strengths and plan for sustainability through future economic activities in renewable energy development.

New and Existing Market Development

Opened new business opportunities for Nevada based upon its existing assets in—global trade and investment; film and digital media; national defense; and, the medical and bioscience technology industries—further diversifying Nevada's economic foundation.

Key Strategic Initiatives

Key Strategic Initiatives are the most important actions the agency must take in the next few years to meet its mission and stated goals. Typically, key initiatives involve significant planning, time, money and manpower—but are considered highly important to the state, the agency and will deliver major impact. Due to budgetary limitations, the initial focus will be on the scalability of existing assets. The members of the New Nevada Task Force have drafted a blueprint for Nevada’s future. Below are some of their key strategic initiatives which have been consolidated into this plan.



9 Key Initiatives

Renewable Energy Asset

Utilization



Technology

Commercialization



BLM Land Use



Road, Rail & Air

Transportation



International Business

Development



Film, Television & Digital

Media Production



Medical Industry

Expansion & Bioscience

Technology Development



Business Expansion in the

National Defense Sector



Business to Business

Marketing

► Renewable Energy Asset Development

Historically Nevadans have been successful at capitalizing on the state’s indigenous resources. For example, Nevada has financed itself with the natural mining resources and the legalization of gaming. With its abundant renewable resources, Nevada has another opportunity on which to capitalize—the worldwide market demand for alternative energy and renewable energy technology. Nevada has some of the most diverse and valuable natural resources for renewable energy development. NCED will accelerate its efforts to capitalize on available natural resources to develop Nevada as a center of excellence for renewable energy. This will enable the state to experience job growth in virtually every sector including research and development, manufacturing, distribution and services.

Our objective is to support and inspire the development of the renewable energy assets in the State of Nevada, including power production and mineral assets. The recommended strategies include:

Renewable Energy Production

- Determine the obstacles currently existing that impede the development of power production facilities in solar, geo-thermal and wind, by category. Note: Use the information determined by the Nevada State Office of Energy (NSOE) Strike Team(s) as the foundation for this report segment.
- List the obstacles that can be impacted by the Nevada Legislature; and those that require Federal intervention.
- Determine the process by which developers obtain financing for their projects, and if our state approval processes delay the financing approvals necessary.
- Map all “fast-track” methods employable for the rapid approval of renewable energy projects, and how we may implement them within the next twelve (12) months, or by December 31, 2011.
- Enlist the assistance of NV Energy to streamline the approval and/or financing process for qualified renewable energy developers.

Mineral Asset Exploration and Development

- Identify any additional minerals indigenous to Nevada that are a part of the renewable energy supply chain, or used in energy storage, and the volumes

available for mining. Already identified are lithium and vanadium, key to energy storage.

- Using the geology experts from UNR, determine the process steps needed to bring the minerals to market, and which processing steps may be viably and economically performed in Nevada, thus creating jobs.
- Identify end users (i.e. battery producers) and the value of Nevada products to their production process. Who is our competition?
- Seek public / private partnerships that may result in mining and processing of the minerals, and job creation.
- Collaborate with the technology commercialization sub-committee (or subsequent working group) to fully exploit the potential of mineral mining and processing, and any resulting technology innovations.

Exporting Power

- Determine the locations of predominant power production in solar, geothermal and wind, and collaborate with the Nevada Energy Assistance Corporation (NEAC) for the location of corridors for the delivery of power to main trunk lines for potential export or delivery to other sectors of the state.

Key Collaborators: NCED, NSOE, NEAL

► **Technology Commercialization**

To ensure Nevada's long-term economic prosperity, a shift must be made to an economy based on knowledge and technology. Technology commercialization is the process of fostering research and development and then taking that research and translating it into commercial applications that produces companies within the state borders. Nevada is not alone in recognizing this shift in the national and global economies, but making the shift can be difficult. This is a major undertaking but Nevada has the unique opportunity to take the first steps in the renewable energy sector and create the necessary programs to ensure success in other future industries.

Our objective is to establish a technology commercialization platform in Nevada for the robust development of applied research in various business segments compatible with the assets existing or developable in the state, including renewable energy, aerospace and defense systems. The recommended strategies include:

Plan Development

- Complete the study of implementation plans utilized around the country to identify best practices to incorporate in the "New Nevada Plan" (not officially adopted) for Technology Commercialization. Note: The Utah "USTAR" model has met with success in a short period of years, and the state's demo/geo makeup is the most similar to Nevada.
- Determine the key areas of specialization Nevada should develop first.

- Determine adequate initial funding necessary for a four (4) year development program, and the potential ROI for presentation to key political leaders following discussion with the Governor’s office. Also, is there:
 1. Potential for grant funding to cover the cost of feasibility studies, and initial research and development funding.
 2. Potential for public/private partnerships, i.e. Varian Medical Systems, Bigelow Aerospace, Siemens, or General Electric, that will provide the companies with intellectual capital and exclusive rights; and the state with private sector investment.
 3. Federal matching funds via our Congressional delegation, and Federal Small Business innovation Research grants.
 4. A structure under which we can fund the program, i.e. a state-sanctioned not-for-profit corporate entity that does not run afoul of Nevada’s constitutional mandate against general funds invested in private ventures (or quasi-private ventures).

Implementation

- Establish a state advisory board for oversight of the program(s) launched under the plan. This board would be responsible for interface between the operating entity and the constitutional offices and officers of the state.
- Determine and prioritize the core competencies in which tech comm. would be suitable for Nevada-based intellectual property currently in existence; and for competencies compatible with Nevada for which investment in innovation teams should take place. As noted by NIREC, “Invest in existing core competencies that are just one “missing piece” away from a complete capability set.”
- Establish the potential structure, size and location of each Center for Innovation (not officially adopted term), and funding necessary for each.
- Assign projected costs to each stage, and identify sources for investment or funding.
- Perform a high level cost/benefit analysis for each area of innovation, and potential products.

Evaluation Practices

- Set short term milestones with small layers of research funding. Showing rapid successes has led to progress in obtaining additional funding for research, and ultimately seed funding for the product or program.
- If a development is to fail, fail fast, and move on. Funding is set up as an investment program. It is an investment model, not a funding model. If milestones are not met, further funding is not provided.
- Technology commercialization is integrated throughout the university or setting in which the Center of Innovation resides; and is included in faculty tenure consideration.
- The University of Utah Technology Transfer Office, for example, estimates that the majority of its activities stem from just 10 percent of all faculty members.

Key Collaborators: NCED, Lt. Governor’s Office, Nevada System of Higher Education, President’s offices at UNR, UNLV, NCET, TBAN, NIREC, Nevada State College, and applicable Nevada Senate and Assembly committees.

► **Land and Infrastructure Development**

Many communities in rural Nevada have ambition to develop land surrounding their communities, but 86 percent of Nevada land is owned and managed by the federal government (via BLM). Unlike private land owners, there is no financial motivation for the federal government to use the land for its highest and best use. Many times the highest and best use of this land would be further private development. Privatization of this land would also create additional revenue for the struggling local governments in the form of property taxes.

Companies willing to create jobs and provide opportunities to Nevada citizens are searching for communities that have modern infrastructure. All companies require the basic services such as water and wastewater treatment plans, utilities, housing, telecommunications and transportation systems. Communities with contemporary amenities like high-speed Internet access and cellular phone coverage are now and will continue to be at a premium. Areas with a strong sense of community pride, leadership, and vision coupled with a sustainable quality of life that includes recreational and retail opportunities will also be important in the economic development of rural Nevada. These requirements will eliminate many rural communities. With the bulk of the state’s natural resources for renewable energy development sourced in rural Nevada, infrastructure development is imperative.

Our objective is to facilitate the transfer of BLM-controlled lands from the federal government to the state for specific uses that will benefit the development of renewable energy projects and other economic diversification of the state. Additionally, we need to study the road, rail and air transportation assets throughout Nevada to identify underutilization and expansion opportunities. The recommended strategies include:

Previous Legislative Initiatives

- Use previous legislative initiatives, specifically the Southern Nevada Public Land Management Act, for precedent, structure and historical knowledge.

New Initiative Formation

- Enlist the aid of Nevada’s congressional delegation for guidance on the parameters under which BLM land would likely be transferred to the state, and for what use.
- Compile a list of specific uses the state has for the land, i.e. wind energy development of “x” mega watts, requiring “x” acres in a specific location(s).
- Collaborate with Nevada Energy Assistance Corporation (NEAC) Board regarding their geographic targets for energy corridors to transport energy for inter-state and intra-state purposes.

- Determine whether each use requires a permanent transfer of the land or a long term leases, with renewal clauses.
- Determine a desirable time line for transfer and use.

Road

- Reach a high level determination regarding the development of Interstate 11 through Nevada and Arizona, and how economic development will be impacted.
- Outline how other interstate and intrastate highways contribute to the economic development goals stated within other task force initiatives, specifically Renewable Energy Development, BLM Land Utilization and International Business Development.
- Determine how Economic Development may or should interface with DOT in a support and advisory role.

Rail

- Expand on the committee thought regarding the increased use of our current rail transportation system utilizing enhanced delivery methods for passenger traffic in the near term.
- Review and potentially endorse high speed passenger rail transportation between Las Vegas and southern California.
- Determine reviews that should be conducted regarding the interstate distribution of freight, particularly in support of air cargo traffic to Nevada in lieu of California ports.

Air

- Review the needs of airport authorities and how the task force committees can support and enhance prospects for increased air freight business in both regions.
- Collaborate with the International Business Development committee regarding the industries targeted for the creation of business services hubs in southern Nevada, as well as international conferences, and how the airport management can support these goals.

Rural Infrastructure Development

The federally funded, NCED administered, Community Development Block Grant (CDBG) program is the main source of aid and will build additional infrastructure in rural Nevada by increasing the leverage of CDBG funds, allocating a larger portion of the funds to housing, and encouraging the number of communities participating and using the Community Assessment and Hometown Competitiveness programs. Proposed strategies include:

- Increasing the number of Community Assessments and strategic planning in rural Nevada, and the amount of CDBG funds allocated to undertaking the activities.
- Reducing the accumulated program income from the Nevada Revolving Loan Fund, allowing the funds to be re-allocated as new business loans.

- Increasing the CDBG funds allocated for economic and entrepreneurial development.
- Removing barriers to affordable housing and increase housing availability through housing needs assessments.
- Increasing the number of communities providing business and leadership skill training and increase the number of new business start-ups resulting from the training.

Key Collaborators: NCED, Lt. Governor’s Office, Nevada Federal Delegation, BLM, County/City Governments, EDAs, US Dept of Agriculture – Rural Development (USDA-RD), Nevada Department of Environmental Protection (NDEP), Nevada Housing Division (NHD), Nevada Department of Transportation (NDOT), Nevada Rural Housing Authority (NRHA), Rural Community Assistance Corporation (RCAC), NV Energy, Economic Development Administration (EDA), Nevada Commission on Tourism (NCOT), rural electric co-operatives.

New and Existing Market Development

The framework of Nevada’s future economy will be built around opportunities in international business and foreign direct investment; film, television and digital media production; medical industry expansion and bioscience technology; and, the national defense industry. These are the industries the New Nevada Task Force has identified in which Nevada has the competitive advantage over other states through its assets—forward-thinking legislation, geographic location, climate or other indigenous resources. The recommended strategies for each industry are below:

► **International Business Development**

The objective is to explore of various means for the development and growth of international business opportunities in Las Vegas and Reno/Tahoe—seeking to leverage the existing transportation and hospitality infrastructure assets and removing barriers to business development.

Exporting

- A determination of the current capacities and capabilities of the major and secondary airports serving Las Vegas and Reno with regard to cargo. Note: Cargo capacity in Las Vegas has been upgraded recently by space manager Marnell Companies, now reportedly bringing Las Vegas to par with airports of this size. A determination regarding Reno/Tahoe facilities for cargo in particular, must be ascertained.
- Assess the market for air freight from Asia to Reno, and the potential for growth, through discussions with existing and/or targeted carriers.
- Since cargo on passenger flights is the initial target for Las Vegas facilities, work with Marnell Companies to support their efforts for increased utilization of the newly built facilities they manage.

- Determine the need and availability of customs services on up to a 24 hour basis for incoming freight.
- Determine the availability of foreign trade zones in northern and southern Nevada as an additional service offering.
- With the assistance of NAIOP compile a list of the top five (5) developers currently leasing industrial and office space in Las Vegas and Reno/Tahoe, and determine their international targets, if any. Add a representative of this group to the committee for purposes of message and method coordination, as well as private sector support.

Convention and Conference Services Expansion

- Determine new opportunities for meeting and conference business, compatible with our current facility infrastructure and core competencies in conjunction with the convention and visitor authorities in Las Vegas and Reno/Tahoe.
- Add bio-science conferences to the target list for attraction to northern and southern Nevada. In conjunction with this effort:
- Compile a list of compatible resorts, i.e. non-gaming centric facilities, to recommend for specialized conferences.
- Add one or two subject matter experts to the committee executing this effort.
- Collaboration with the Consumer Electronics Show (CES), as an example, for a permanent worldwide convention home in Nevada.

Direct Foreign Investment

- Utilize our NCED international representatives to determine a target list of companies for overtures from NCED for business expansion. Devise a plan for invitation of these companies to Nevada for further consultation.
- Have China as our initial target, utilizing the Memorandum of Understanding signed by Lt. Governor Krollicki and Chinese officials in December 2009 as the framework for these overtures.
- Consult Northern Nevada Development Authority and three other approved EB-5 Programs regarding the inclusion of their EB-5 Program in plans for attracting foreign investment.
- Future potential for development of a World Trade Center in Las Vegas as a platform for foreign business opportunities.
- In conjunction with the convention and visitor authorities, mine the databases of registered attendees to conventions/conferences currently scheduled to come to Las Vegas and Reno/Tahoe, and set meetings (possibly using a hospitality suite) to discuss their company growth plans for potential expansion and/or relocation opportunities.

Business Services

- Determine the business sectors, if any, where Las Vegas and Reno may be compatible as a business services hub. Are there regional headquarters currently existing in any prominent business category?

- Enlist the assistance of an industry leader in investment banking, consumer banking, accounting, etc. to determine the qualities (geographic and otherwise) necessary to support a business sector's regional hub.

Key Collaborators: NCED, International Business Development Council

► **Film, Television and Digital Media Production**

Determine the means by which the state can expand the economic impact of film, television, commercial and digital media production beyond the current \$100 million annually, and achieve competitive status with other states that have surpassed Nevada's production revenue in recent years. Also, establish scalable market share in the high growth segments of digital media and television commercial production. The recommended strategies include:

Motion Picture and Television Production

- Review and record the incentives offered by states most competitive to Nevada, i.e. New Mexico, Texas, Utah, etc. to determine:
- The type of incentive offered, refundable tax credit or transferable tax credit.
- The taxes on which the refund is based.
- With each state, compare the expenditures on which taxes are levied vs. Nevada. Does the tax exist in Nevada?
- In the case of each state, identify the taxes Nevada could abate or credit (or legislate a transferable tax credit); and the taxes we do not charge, highlighting them as a "potential tax not levied".
- Propose a program, similar to Texas that ties incentives to employment of Nevadans as skilled labor or trainees, and apply the incentives to the Modified Business Tax charged.
- Propose a program for long term investment in construction of production and post-production facilities that is tied to capital investment and employment levels, and will grant tax abatements on the sales and use tax, personal property tax, and modified business tax, for a period of five (5) to ten (10) years to the investor.

Digital Media Production

- Determine the industries (products) where digital media production is utilized, i.e. video games, television/internet commercials, movies, television shows, etc.
- Determine the top companies (i.e. top 5) in this industry segment, and the advantages of their current operating location.
- Compare the assets and business climate available in Nevada to determine if this is an industry segment we can pursue for entrepreneurs in the business, or existing production companies for location or re-location in Nevada.
- Determine if this is a target industry for technology commercialization.

Television/Internet Commercial Production

- Ascertain the advantages Nevada holds for television and internet commercial producers.

- Determine the growth opportunities for short term (or long term) employment in this industry segment.
- Determine what, if any incentives are necessary to increase the market share for Nevada in this industry segment, and any legislation needed to employ the incentives.

Key Collaborators: NCED, Nevada Film Office

► **Medical Industry Expansion and Bio-Science Technology Development**

The objective is to evaluate the opportunities available for the expansion of the medical industry in Nevada, including medical facility expansion and applied research in bio-science technologies. The recommended strategies include:

Medical Facility Expansion

- Determine the strengths and weaknesses currently in the health care facility infrastructure in northern and southern Nevada.
- Make a high level determination regarding the opportunities for job creation within the existing medical community, i.e. quantifying the nursing shortage, as well as the need for medical specialists.
- Based on the knowledge of the committee members and subject matter experts, present a high level determination regarding the expansion of medical facilities in Nevada as being a near term (5 year) goal.
- Form an advisory board to study and monitor the realities of facility expansion as an economic and workforce development opportunity.

Bio-Science Technology Development

- Form a bio-science technology consortium consisting of major stakeholders from the medical community, education, private sector and economic development to steer current and future activity in applied bio-science research and development.
- Obtain a grant to do a core competency study for Nevada to generate a bio-science roadmap (Tim Porter, UNLV) which will identify the specific areas in which we should invest, for the greatest opportunity of a return in technology transfer.
- Determine facility needs for research and business incubation, with at least one such facility in northern Nevada and one in southern Nevada.
- Determine adequate initial funding necessary for a four (4) year development program, and potential ROI for presentation to key political, education and industry leaders.
- Identify the businesses where public/private partnerships should be formed, and ideas incubated in our state. What relocation opportunities exist, as well as startup opportunities?
- Form a target list for NCED to pursue for relocation or expansion in Nevada.

Key Collaborators: NCED, Nevada Bio-Science Development Consortium (not officially adopted)

► **Business Expansion in the National Defense Sector**

The objective is to increase the amount of business with the departments of Defense, Homeland Security and Energy at various sites in Nevada, as well as the potential for research through our university system. The recommended strategies include:

Nevada National Security Site

- Work in concert with test site management to expand applied research conducted in conjunction with NSHE on behalf of homeland security (i.e. Varian Medical System x-ray systems).
- Develop next generation solar technologies in conjunction with UNLV (solar demonstration site) and private sector companies developing photo voltaic and solar thermal power production facilities in southern Nevada.
- Host the UNLV center for nuclear technology research, since UNLV has expertise in this research, and geographically, the N2S2 is one of the only places in the country that would be able to host the center.

Yucca Mountain

- Continuing the theme noted above, UNLV become the center of research for the use of the Yucca Mountain site as a national nuclear reprocessing facility and power production site for the western U.S.; or developer of the Yucca Mountain secure data facility for the U.S.
- Determine if the alternate means of nuclear product transportation to the site by rail can be developed and advocate for its completion, creating thousands of construction jobs.

Nellis, Creech, Hawthorne & Fallon Bases

- Work with the Congressional delegation to determine through DOD how the missions of any or all these bases can be expanded to include research or other DOD needs.
- Can the Homeland Security missions of Hawthorne be expanded because of its unique geographic characteristics?

Key Collaborators: NCED, Procurement Outreach, Nevada Congressional Delegation

Growing Existing Business

Long-term economic development will not be successful if it is based solely on the principle of corporate business attraction. Long-term economic development is most successful if the retention and expansion of existing business is part of the portfolio. Small business employs about half of all private sector employees, and they have created 60 to 80 percent of new jobs over the last decade. NCED realizes the value of existing business and focuses on opening doors for them to lucrative new markets through global trade and federal contracting opportunities.

Through its Global Trade and Procurement Outreach programs Nevada businesses will have a greater chance of succeeding, growing and contributing to the economic vitality of the state. Examples of planned strategies:

- Developing a consolidated public relations campaign and messaging to targeted Nevada businesses about these programs to include broadcasts on Public Television;
- Implementing a ‘customer success’ program by enrolling incentivized companies in each of the business enhancement programs—and, enroll eight companies;
- Identifying and calendaring relevant trade shows for Procurement Outreach and Global Trade to attend over the biennium;
- Developing and implementing website enhancements for Procurement Outreach Program and Global Trade enabling e-commerce capabilities and client administration features for each program;
- Hosting specific outreach events to target small, woman-owned, minority-owned and/or service-disabled veteran-owned businesses twice a year, each year of the biennium;
- Participating or co-sponsoring four events each year of the biennium targeting one or more categories of small Nevada businesses;
- Ensuring that every small, woman-owned, minority-owned, service-disabled veteran- or veteran-owned business client is contacted at least twice a year to assess client’s needs.

Key Collaborators: Procurement Outreach Program, EDAs, Chambers of Commerce, Site Selectors, US Department of Commerce, Western US Agricultural Trade Association (WUSATA), NSBDC, NVIE, NCED International Trade Representatives, Nevada Consular Corps, Northern Nevada International Center, California Consular Corps, Business Communities throughout Nevada, Valley of Fire, US National Parks, Nevada Division of State Parks, McCarran International Airport, Freemont Street Experience, NFO Production Directory Community

Building Awareness

Marketing will continue its focus on utilizing public relations platforms and B2B practices to educate the public, business decision-makers, and lawmakers about the intrinsic value of economic development, programs offered by NCED and industry successes. Accurate and appropriate news stories and press releases will be issued through PR Newswire to ensure that valuable anecdotes and information are being methodically and effectively circulated. The agency will also utilize existing business executives to execute business-to-business marketing on behalf of Nevada nationally and internationally. Specific examples of planned strategies include:

Marketing and Public Relations

- Developing and maintaining web and social media presence—as the go-to resource for business in Nevada.
- Developing a public relations campaign and series of favorable business news stories released to the media;

- Establishing a staff editorial review process to relevancy, consistency and quality of information released to target audience;
- Hosting series of CEO briefings and roundtables featuring local business ambassadors;
- Hosting annual foreign business delegations in conjunction with NCED’s Global Trade and Investment representatives and Nevada Honorary Consular Corps in Las Vegas;
- Retool the Governor’s Conference on Economic Development to become a meaningful economic development and business direction platform—for debut in 2013 commemorating 30 years of economic development.

▶ **Business to Business Marketing**

- Identify the top five (5) industries to target, i.e. regional distribution, specialty steel production, etc.
- Determine the business service organization (or segment of the organization) whose members are senior executives in each targeted industry, and enlist their assistance as “ambassadors” for Nevada.
- Form a small advisory board, utilizing the subject matter experts and identified business segment leaders as resources to formulate an action plan for each targeted industry.
- Enlist NCED to compose a 30 second “elevator speech” with quick facts about the business advantages of Nevada, i.e. tax climate, employee resources, etc. These will be customized for the each targeted industry.
- Ask ambassadors to identify their top five or ten industry executives they would like to lure to Nevada via expansion or relocation.
- Determine additional resources necessary to support the efforts of our executive ambassadors, and enlist the aide of NCED to devise methods for obtaining them.
- Determine reasonable and achievable quarterly and annual goals for 2011 and 2012 for businesses this group and NCED will target for concentrated recruitment efforts.

Key Collaborators: NCED, Development Authorities, LVCVA, R-SCVA, Chambers of Commerce, NAIOP

Division Plans

The Nevada Commission on Economic Development (NCED) is organized into service units. These are:



Business Development and Research
Technology Commercialization
Defense Industries
Global Trade and Investment
Nevada Office of Protocol
Procurement Outreach Program
Nevada Film Office
Rural Community Development/CDBG Program
Administration

The strategic plans for each of the above service units are found on the following pages, organized into missions, challenges, goals, objectives and actions. Staff from each unit interact and collaborate with each other and external partners and stakeholders to bring effective economic and community development to Nevada.

The opportunities presented by the New Nevada Task Force have been rolled into the appropriate service units. Due to current budgetary limitations, the initial focus will be on the scalability of existing assets and resources.

Business Development

The division's mission is to create a more diversified and prosperous economy that will improve the quality of life for Nevada citizens through superior development services that stimulate business expansion and retention, foster entrepreneurial enterprise and attract new business.

Challenges

■ **Highly concentrated employment sectors make state susceptible to economic cycles**

Almost one-third of Nevada's total employment is concentrated in Leisure & Hospitality. One-sixth of total employment is in the gaming sector. While this number has been slowly decreasing over time, the concentration of employment makes Nevada especially susceptible to economic cycles and disasters. In addition, in a four-county region of the state, the mining industry employs one quarter of the workforce. Mining jobs are highly subject to market swings in the price of the material being mined, placing mining jobs in jeopardy if the market drops.

■ **Low academic attainment and transiency create workforce challenges**

Nevada's talent pool is relatively less educated and more transient than the rest of the United States. 27.5 percent of Americans had a Bachelors degree or higher, compared to only 21 percent of Nevadans. Five percent of Nevadans lived in a different state a year earlier, while only 2.5 percent nationally moved between states. It is difficult to attract and expand business without a skilled and stable workforce.

■ **Limited entrepreneurial/start up resources challenge growth opportunities**

Nevada lacks a well-publicized, centralized resource for business startups, small business and entrepreneurs. Entrepreneurship and small business employs about half of all private sector employment and have created 60 to 80 percent of new jobs over the last decade. Nationally, these businesses produce thirteen times more patents than large patenting firms. Without well collated resources for new businesses, it is likely that those businesses will not succeed in Nevada or will find another state to facilitate their start up, further reducing employment and growth opportunities in Nevada.

■ **Cost of doing business in Nevada is a hurdle**

Taxes, utilities, wages, property costs and insurance are all costs of doing business. The current economic crisis, coupled with the new administration's business proposals, is creating a cautious business climate. 30 percent of Nevada business leaders indicated that the cost of doing business would be the biggest challenge over the next three years. Nevada's costs are comparatively low, but unless the state does more to reduce business costs, the prospect of attracting new enterprise is reduced and fewer existing businesses will risk expansion funds.

Goals

- To increase the percentage of employment in the non-gaming sector statewide and in the non-mining sector in Northeast Nevada to minimize the severity of economic cycles

Objectives & Actions

- To increase the number of jobs in the renewable energy sector, with an emphasis on manufacturing and research & development jobs
- To increase the amount of transferable skills within the workforce pool to improve the quality, attractiveness and productivity of Nevada's labor force
- To increase the number of small business start-ups and entrepreneurial activity statewide to provide more small business jobs in Nevada
- To maintain the low cost of doing business in Nevada in order to entice additional business in Nevada

To increase non-gaming employment from 83.4 percent to 88 percent by 2018 or by an average of .5 percent per year to minimize the impact that the gaming sector can have the Nevada economy

- Attend at least 11 industry conferences, trade shows and expos in alignment with enhanced business sectors per fiscal year
- Target marketing and public relations in specific US cities with an East Coast bias.
- Launch "Take us up on it!" operating cost campaign
- Convert at least 50 inquiries to active prospects (which includes a site visit) in the biennium
- Develop relationships with at least ten new site selectors/consultants per year
- Host four inbound site selector briefings per year
- Reinforce site selector relationships with "loyalty campaign"
- Meet in-person with rural economic development partners at least twice per fiscal year
- Meet in-person with urban economic development partners at least four times per fiscal year

To increase the number of jobs in the renewable energy sector to 1,200 direct, indirect and induced jobs from renewable energy companies

- Attend at least three industry conferences per fiscal year
- Research and identify target renewable energy companies for relocation or expansion in Nevada and begin communication
- Educate the community about the benefits of renewable energy development
- Target manufacturing and research and development jobs associated with renewable energy
- Encourage local technology commercialization of renewable energy projects in Nevada
- Become experts on renewable energy technologies and the needs of that industry like workforce, site selection and infrastructure requirements.

To increase the number of graduates of certified workforce programs by 5 percent to provides businesses with a more capable labor force

- Provide training for at least 500 Nevada employees by utilizing five hundred thousand dollars from the Career Enhancement Program every fiscal year

- Conduct at least two outreach meetings with members of the Nevada System of Higher Education (NSHE) in order to coordinate existing and future NSHE programs with applied needs of clients of NCED

To reduce by 10 percent the percentage of NSHE graduates leaving the state after graduation to provide businesses (especially technology or knowledge based businesses) with a larger and more qualified labor force

- Conduct Nevada manufacturing career compensation outlook research
- Grant awards to development authorities and education for the coordination of the “Dream it, Do it!” initiative
- Reinforce existing young professional networks through sponsorships and presence to ensure these organizations are meeting the needs of new graduates.
- Develop young professional networks in communities that express an interest
- Host at least one event per year with interested companies and the university system to promote existing and future employment opportunities, mentoring and other means of connection

To increase by at least 10 percent the number of small businesses introduced to new markets

- Refer at least twenty five leads/inquiries to the Procurement Outreach Program per fiscal year
- Refer at least ten leads/inquiries to the Global Trade & Investment division per fiscal year
- Educate all economic development partners about these programs and the benefits for Nevada companies at least once per fiscal year
- Compile and produce contract research and development electronic resource directory
- Re-establish revolving loan program with Rural Development Corporation

To maintain at current levels Nevada’s business friendly tax structure, including economic development incentives, to increase the flow of new business to the state

- Develop a compelling story about the value of the business friendly climate and the economic development incentives that are available, to a universal audience.
- Launch “Invest in Nevada” campaign, communications and awards.
- Educate legislators and their constituents through yearly outreach events about the competitiveness of the global business environment and the importance of maintaining or improving Nevada’s business friendly system.

Technology Commercialization

This is a new initiative to be further developed as funded.

The division's mission is to foster the shift from an economy supported by traditional industry to one that is knowledge and technology based—a solutions-driven economy. The goal of technology commercialization is to take it out of labs and into commercial application. Nevada has the unique opportunity to establish a technology platform compatible with existing assets in the state including—renewable energy, aerospace, and defense industries.

Challenges

■ Restrictive constitutional language regarding the development of business

Currently, Nevada's Constitution prohibits state agencies from investing in or holding an interest in private businesses or ventures. Additionally, all operating expenditures must not circumvent the state's fiscal systems. This hampers the state's ability to attract venture funding and award grants to entities.

■ Engaging the educational community to foster economic development

A new perspective on economic growth comes from the “endogenous growth” literature that has developed over the last several decades. A variety of studies stress the role of education in increasing the innovative capacity of the economy through developing new ideas and new technologies. These studies emphasize that a given level of education can lead to a continuing stream of new ideas. But the challenge centers on the diffusion of technologies.

Goals

- To establish a Center of Innovation for a 4-year development program and the potential ROI for the center.
- To increase the potential for public/private partnerships that will provide companies with intellectual capital and the state with private sector investment.
- To sponsor statewide “Innovation Intermediary” organization to support cluster growth and core renewable energy cluster.

Objectives & Actions

To enhance and increase Nevada's industry clusters with the addition of 16 companies and 500 new jobs over the biennium. And, to increase the amount of technology funds targeted.

- Identify clear competitive advantages in technologies, industries and skills.
- Invest in research capacity and attract star faculty teams—talent and their R&D funding streams
- Create commercialization infrastructure to facilitate research from lab to market
- Create markets and clusters—research, industrial partnerships, company formation and company attraction.

- Create homeland security/defense sectors based upon the NIREC Renewable Energy Model, UNLV Department of Science, Nuclear Research and the National Defense Industry Association guidelines.
- Expand the work of the Bioscience Consortium to cluster starter.
- Complete core competency study to generate a bioscience road map under the auspices of the UNLV Department of Science.
- Establish and launch technology career studies program.
- Support and host seminars and inter-university joint studies events in homeland security, defense industries and the biosciences.
- Conduct CONNECT Equity Capital Events to match private investors with companies.
- Conduct Business Plan Competition to select finalists for CONNECT Equity Capital Event.
- Develop and implement marketing and communications to support the initiative.

Defense Industry Expansion

This is a new initiative to be further developed as funded.

The Federal Government is one of the best clients a state can have. This division's mission is to increase Nevada's business with the departments of Defense, Homeland Security and Energy at the various installations in the state, as well as the potential for research through the state's university system.

Challenges

■ Nevada ranks 37th in U.S. for federal contracts awarded

States in close proximity to Nevada are receiving a higher percentage of federal contract dollars than Nevada. For FY10, Nevada businesses obtained only 0.43 percent of federal contracting dollars, ranking the state 37th overall.

■ Federal installations and military bases subject to threat of closure

In many rural Nevada communities, the federal installations or military bases are the primary employer. In federal budget reduction discussions, Nevada's installations are often a topic for base closure. The unique characteristics of the Nevada's installations—such as terrain—are not well promoted to the Department of Defense, nor are the opportunities for expanded missions.

Goals

- To promote federal awareness of Nevada's six installations and their capabilities and unique characteristics.
- To increase the potential for federal contracts and expanded base missions to include research and development.
- To improve Nevada's national ranking in the number of federal contracts awarded.

Objectives & Actions

To promote Nevada's federal installations and expand defense industry cluster in the state to increase the number of new \$250,000 or greater federal contracts awarded thereby creating new or sustaining jobs for Nevadans.

- Form a Nevada Chapter of the Defense Industries National Association by November 2011.
- Determine defense/security procurement needs not met in Nevada by December 2011.
- Conduct defense installation procurement relative to Nevada analysis
- Host annual supplier forum, capabilities presentation to DoD, DoE, OHS—outreach, promotion and logistics forum
- Conduct higher education review for the defense/security sectors
- Identify primary contractors for industry attraction marketing campaign

Global Trade and Investment

The Office of Global Trade and Investment promotes a more diversified and prosperous economy, enriching the quality of life for Nevada citizens, with new job creation by stimulating business expansion and retention through increasing global exports, encouraging entrepreneurial spirit and attracting foreign business investment to create economic growth in Nevada.

Challenges

■ Softening global economy and foreign exchange rates could mean lower demand

The US trade deficit, despite some monthly decreases, increased from \$32.3 to \$38.7 billion in the past year (October 2009-2010). Imports are too high and increased exports are needed to compensate and create balance and new jobs. Lower exports means fewer jobs in Nevada. Currently, every 1 percent change in Nevada exports equates to 803 jobs. The soft global economy could mean less demand for Nevada exports resulting in greater job losses and economic stagnation.

■ Challenge in properly servicing existing clients in relation to resource allocations

Small businesses have insufficient connectivity, knowledge and understanding of how to access foreign business opportunities. They come to NCED for assistance to grow their businesses because state programs do not charge for their services. However, there are insufficient resources to meet demand.

■ Low Foreign Direct Investment in Nevada means less job creation

Foreign Direct Investment (FDI) in Nevada is low compared to other similar surrounding states. More high-paying jobs could be created if FDI increased. According to the latest International Trade Agency reports FDI supported 34,300 jobs in Nevada, while the FDI in surrounding states such as Utah (36,600 jobs); Arizona (72,300 jobs) and California (605,600) sustained more jobs.

■ Lack of understanding of program effectiveness by stakeholders hinders resource allocation

Lack of understanding of the value of NCED's Trade and Investment program by stakeholders in Nevada has reduced program effectiveness.

■ Insufficient staff to serve growing client base

There are insufficient FTE's in the department to fulfill its mission, with no staff increases in almost 9 years despite a 287 percent increase in exports and a 50 percent increase in foreign companies in Nevada during this period. The budget has decreased about 25 percent through cuts and inflation during this time, which hampers the ability to achieve the mission and limits programs that could build trade and investment.

Goals

- To increase the number of export sales of Nevada products and services
- To increase the number of Nevada companies assisted that begin exporting or increase the number of export sales

- To develop inland ports supply chain management zones to expedite logistics growth in Nevada.
- To increase the economic impact of Foreign Direct Investment (FDI) in Nevada
- To increase the level and impact of positive perceptions of Nevada
- To increase the awareness of the value of Nevada's Trade and Investment programs and the level of participation

Objectives & Actions

Increase export sales by a minimum of 5 percent annually for the biennium (excludes exports of precious metals).

- Develop export outreach website and marketing materials specific to target international markets (with translation into 6 languages).
- Conduct air cargo opportunity needs assessments
- Secure new funding source for International Representatives Program. Fund each \$10,000 per representative per year for trade and investment promotion programs
- Implement new Measurement and Communications System for all representatives.
- Add new International Representatives in Middle East and Korea by June 2012
- Conduct and participate in six seminars, workshops and presentations related to export promotion spread throughout each year of the biennium, at least one per quarter
- Recruit and implement two state trade and or investment missions, as proposed by Executive Branch or other opportunities as they present themselves, over the biennium

Increase by at least 15 the number of Nevada companies that begin to export and increase by 15 the number of Nevada exporters that increase their export sales.

- Develop State of Nevada "project" contract funds for international representatives awarded on business plans and allocated on Nevada-based company sales contracts.
- Propose and implement a minimum of five export promotions programs per calendar year for our food, agriculture and related companies using the USDA grant funding program (NVIE). Typically there will be at least one program per quarter depending on the year and trade show calendars
- Host four non-agricultural goods inbound buying missions.
- Recruit for and implement at least one yearly Export Readiness Training Program, conducted in the second or third quarter, for each year of the biennium

Increase the economic impact (high-paying jobs, investment in PP&E, new taxes paid, etc.) of Foreign Direct Investment (FDI) by 15 percent annually for the biennium using report data generated by the ImPlan computer model.

- Compile state target foreign direct investment opportunities.
- Conduct international business sector research—global flight destinations.

- Award development authority grants for the international business marketing outreach to global flight destinations.
- Add new International Representatives in Middle East and Korea by June 2012 to recruit new foreign investors
- Promote the positive image of Nevada through the 2022 Winter Olympics
- Market Nevada as an investment destination through trade advertising and attendance at appropriate trade shows, trade missions and seminars throughout the biennium
- Use at least half of the \$10,000 per year per international representative promotional funds to promote FDI in Nevada through attendance at selected in-country trade shows and quarterly advertising throughout each year of the biennium

Increase awareness and levels of critical data about how NCED programs benefit Nevada companies and create jobs.

- Conduct at least one workshop per year with each major stakeholder (Legislature, Development Authorities, Commissioners; one workshop per quarter) to create greater understanding of global trade and investment programs and the positive results generated by virtually all aspects of the programs
- Work to create at least one new Press Release per quarter throughout the biennium about our program highlights
- Participate, with at least a short article, in all of the E-newsletters that go out throughout the year throughout the biennium
- Include a senior legislator(s) on a minimum of two appropriate trade/investment missions per biennium

Nevada Office of Protocol

The Office of Protocol promotes positive relations between Nevada and the global community. Through the establishing of Honorary Consuls in the state they become the direct resource to the country they represent and therefore can assist companies wanting to do business in that country. The Consuls are also able to attract companies from the countries they represent to establish businesses in Nevada, leading to new job creations for the state.

Challenges

■ Insufficient number of consular corps members in Nevada

There are an insufficient number of Consular Corps members in the state to produce trade and investment contacts that would directly promote economic growth. This stifles opportunity, reduces the promise of foreign investment, and continues misconceptions about Nevada as a business incubator. The Nevada Consular Corps is essential to foreign visitors and investors. Consular Corps members promote trade and investment between the country they represent and the state of Nevada, which in turn promotes trade and investment to create more jobs and economic development

■ Misperceptions held of Nevada by foreign consuls

There has historically been misperception of Nevada by the foreign Consuls in California - approximately 95 members, who have jurisdiction over Nevada. The Consuls who have this jurisdiction need to be constantly introduced to the entire state creating an awareness of the opportunities available to the potential investors or visitors from their country.

Goals

- To increase the number of Consuls in Nevada
- To increase the amount of statewide enterprise generated through or due to the Consular Corps
- To increase the level and impact of positive perceptions of Nevada through the 95 Consuls General in California who have jurisdiction over Nevada.

Objectives & Actions

To increase to 30-35 the number of Honorary Consuls serving Nevada by the end of 2014.

- Meet with the relevant Consuls in California having jurisdiction over Nevada at least bimonthly over the biennium (in person, tele- or video-conference) for those countries where Nevada or the California Consulate desires an Honorary Consul in Nevada. In the case where there is no Consular representation in California, work directly with the country's Embassy in Washington DC and the US State Department
- Conduct six foreign consul familiarization tours of Nevada business opportunities

To increase by at least 100 percent the number of Honorary Consuls promoting trade missions and mutually beneficial exchanges between the countries represented and

Nevada. A benchmark is one trade mission or exchange for each Consul at least once every 2 years

- Work with each Permanent or Honorary Consul in Nevada, at least quarterly over the Biennium, develop a plan and timeline regarding when a mission or exchange between their country and Nevada should occur

To increase by at least 100 percent the level of awareness regarding the value and contribution of the Consular Corps to Nevada stakeholders.

- Introduce the Consular Corps to the Nevada Legislature at every legislative session
- Meet with other stakeholder groups at least once during the biennium

To increase among the 25 most important Consuls in California, who have jurisdiction over Nevada, the level of awareness of the opportunities available in Nevada.

- Schedule at least one event during the Biennium in Las Vegas and/or Northern Nevada, inviting Consuls General posted in California who have jurisdiction over Nevada. The event would highlight the many business opportunities available to the Global Community in Nevada by showcasing the many attributes of Nevada beyond the Las Vegas Strip

Procurement Outreach Program

The mission of the Procurement Outreach Program (POP) is to increase the flow of federal, state and local government contract dollars to Nevada businesses to facilitate creating and retaining jobs as well as developing a more diverse economic base for Nevada. POP assists Nevada businesses in understanding the requirements of government contracting, how to market their business to government entities and obtain government contracts. POP also provides guidance to Nevada businesses so they can successfully perform and complete the contracts.

The primary focus is on assisting small, woman-owned, minority-owned, service-disabled veteran- and veteran-owned businesses. In addition to the government market, these small businesses may obtain contracts through large business Supplier Diversity programs. POP helps connect Nevada small businesses to the contracting opportunities available through Supplier Diversity programs, thereby expanding the client base for the small businesses.

Challenges

■ Nevada businesses missing out on contracting opportunities

Nevada businesses received \$791,187,052 fewer federal government contracting dollars in FY10 than FY09. This amounts to approximately 15,737 jobs and millions of dollars lost throughout the state. Both urban and rural Nevada companies could create and retain jobs by expanding into the government contracting arena but businesses lack the knowledge and resources to be a successful government contractor.

■ Nevada ranks 37th in U.S. for federal contracts awarded

States in close proximity to Nevada are receiving a higher percentage of federal contract dollars than Nevada. For FY10, Nevada businesses obtained only 0.43 percent of federal contracting dollars, ranking the state 37th overall. For example, other states ranked:

State	Percentage	Ranking
Virginia	10.54%	1
California	10.43%	2
Texas	7.32%	3
Arizona	2.4%	13
New Mexico	1.45%	19
Utah	.58%	26
Idaho	.51%	32
Nevada	.43%	37

■ Nevada businesses lack competitive edge

Nevada businesses are not adequately prepared to compete for federal government contract dollars, especially in comparison to surrounding states. This reduces the number of options for economic development and sends a negative signal to businesses considering a start-up or relocation, thus creating a negative economic spiral.

■ **Nevada has no bid preferences for state-based business**

State of Nevada and other local government contracting dollars are going to out-of-state firms. One example of this is the State of Nevada, Purchasing Division issuing 168 contracts for services; of that number only 82 were awarded to Nevada companies. Nevada businesses are not able to diversify their customer base into a market in their own neighborhood.

■ **E-commerce opens doors to greater opportunities, but businesses wary**

Many Nevada businesses are unaware of the electronic commerce side of government contracting. This lack of expertise and awareness limits opportunities, reduces business vitality, and curtails efforts to develop greater commerce. While the state of Nevada and federal contracting opportunities over \$25,000 must be advertised and are posted electronically businesses are not generally successful at government contracting without knowledge and expertise in e-commerce.

■ **Widely held misperception that government contracting is just for big business**

Many small Nevada businesses are unaware of large business Supplier Diversity programs. This lack of understanding reduces growth opportunities, limits markets, and contributes to high failure rates. While contracting opportunities are available for small, woman-owned, service-disabled veteran- and veteran-owned businesses through Supplier Diversity programs many Nevada businesses do not know how to access these markets. This limits the ability to grow, expand and diversify their client base.

■ **Businesses lack knowledge of available resources**

Nevada does not have a “Research Triangle” environment for entrepreneurs and high tech businesses. There are many federal government contracting and grant opportunities for small businesses. Nevada businesses have limited knowledge of these opportunities as well as resources such as POP that could help them succeed in accessing federal grants and contracts. This impedes the ability to grow and expand into the government market.

■ **Doing business with the government is too complicated**

Overall business perception of the government, prime contractor and corporate contracting is that it is too complicated. Due to this, Nevada businesses are reluctant to expand into these markets; which slows growth, hampers new business development, and actually limits options for small business success.

Goals

- To increase the amount of federal contract dollars awarded to Nevada businesses, resulting in more job creation and economic diversification
- To increase the number of qualified small, woman-owned, minority-owned, service-disabled veteran- and veteran-owned Nevada businesses successfully competing for government contract dollars, to develop thriving, small businesses
- To reduce the flow of Nevada state and local government contracting dollars awarded to out-of-state firms, thereby creating and retaining jobs in Nevada and growing prosperous businesses throughout the state

- To increase the number of POP clients accessing government contracting opportunities and successfully competing for those contract dollars, thereby creating and retaining jobs throughout Nevada

To increase by 10 percent over the next biennium, the amount of federal contract dollars awarded to Nevada businesses, creating more jobs and diversifying Nevada's economic base.

- Conduct federal contracting assistance clinics in each of the 17 Nevada counties at least once per year of the biennium. Maintain adequate in-state travel budget to support these efforts. Investigate video-conferencing capabilities in each county to minimize travel expenses.
- Throughout the biennium, provide specialized follow-up contracting assistance as needed to ensure Nevada small businesses successfully complete federal contracts.
- Develop and implement a training schedule to update and improve the level of contracting knowledge for Procurement Specialist to assist Nevada businesses. Training sources should include the National Contract Management Association, the Defense Acquisition University, the Association of Procurement Technical Assistance Centers and others.
- Analyze areas of responsibilities for Program Coordinators and Procurement Specialists; through cross-training, transfer tasks as necessary to allow Procurement Specialists more time for field visits and counseling with clients, providing government contracting assistance.
- Develop and maintain a detailed listing of federal agency procurement contacts in Nevada. Meet with at least four entities per month throughout the biennium, strengthening these relationships and referring them to POP clients to assist the federal agency in meeting contracting goals. Maintain monthly contact with each agency.
- Develop and maintain a detailed listing of federal agency Prime Contractors with subcontracting plan requirements. Meet with at least four entities per month throughout the biennium, strengthening these relationships and referring them to POP clients to assist them in meeting subcontracting goals.

To increase by 10 percent over the next biennium, the number of qualified small, woman-owned, minority-owned, service-disabled veteran- and veteran-owned Nevada businesses successfully competing for government contract dollars, in order to develop flourishing small Nevada businesses.

- Host specific outreach events to target small, minority-owned businesses twice a year, each year of the biennium.
- Host specific outreach events to target small, service-disabled veteran- and veteran-owned businesses twice a year, each year of the biennium.
- Participate in or co-sponsor four events each year of the biennium targeting one or more categories of small Nevada businesses.
- For each year of the biennium, ensure that every small, woman-owned, minority-owned, service-disabled veteran- or veteran-owned business client is contacted at least twice a year to assess client's needs.

- Obtain and provide laptop and remote internet access for the Director and three Procurement Specialists for one-on-one outreach and counseling in urban and rural areas.

To reduce by 15 percent the amount of state and local government contracting dollars awarded to out-of-state firms in order to create and retain jobs in Nevada and grow successful Nevada businesses.

- Maintain the ongoing process of identifying POP clients pursuing Nevada state and local government contracts and provide concentrated support in their efforts consistently throughout the biennium.
- Maintain and strengthen POP's relationships with local purchasing officials in all 17 Nevada counties, personally visiting four entities per month each year of the biennium. Maintain adequate in-state travel budget to support these efforts. Investigate video-conferencing capabilities in each county to minimize travel expenses.
- Maintain annual membership in the Northern Nevada Consortium for Cooperative Purchasing organization to stay abreast of state and local government procurement opportunities, attending monthly meetings throughout the biennium. Maintain adequate in-state travel budget to support these efforts.
- Maintain annual memberships with other local government organizations to stay abreast of local opportunities, attending monthly meetings throughout the biennium. Maintain adequate in-state travel budget to support these efforts.
- Facilitate at least two networking or business matchmaking events per year of the biennium, connecting Nevada businesses to Nevada state and local government purchasing officials.

To increase by 25 percent per year over the next biennium, the number of POP clients accessing government contracting opportunities and successfully competing for those contract dollars, thereby creating and retaining jobs in Nevada.

- Conduct small business training workshops in each of the 17 Nevada counties at least once each year of the biennium. Maintain adequate in-state travel budget to support these efforts. Investigate video-conferencing capabilities in each county to minimize travel expenses.
- Improve and maintain web site content as a 24/7 resource for POP clients and others. Promote POP success stories and opportunities through social media platforms. Refresh content weekly throughout the biennium.
- Begin immediately to identify businesses listed in Central Contractors Registration (www.ccr.gov) that are not currently POP clients and inform them of POP services to assist them in government contracting.
- Develop a calendar of local business networking and marketing events. Attend at least two events per month throughout the biennium to promote POP services.
- Develop a listing of Nevada manufacturing organizations, architect and engineering organizations, construction industry organizations and other. Contact each organization at least once per month throughout the biennium to market POP events and services that pertain to their industry. Extend invitations to participate in POP events throughout the year.

Nevada Film Office

The Nevada Film Office (NFO) actively promotes the creation and production of motion pictures, television projects, commercials, documentaries, industrial films, music videos, student films, still photography and other new media projects. These promotions generate revenue for businesses and individuals by utilizing Nevada locations, vendors, services, crew personnel, and performance talent, while raising visibility, enhancing the state's credibility, and establishing relationships with every facet of the media arts industry.

Challenges

■ Lack of incentives to attract film & productions to the state

From fiscal year 2000 to fiscal year 2006, the NFO assisted over 600 productions a year averaging over \$100 million in revenue. Since 2007, this number has been reduced over 35 percent so that we now facilitate approximately 350-400 productions a year and generated only \$83 million in revenue in the fiscal year, the first time below \$100 million in eight years. Feature films like “Love Ranch” and “Sin City Murders” were written for Nevada, but were fundamentally shot in New Mexico because of their film tax incentive program. Since April of 2008, the NFO has been logging phone/tradeshaw inquiries from potential productions and producers that start off by asking about incentive programs or tax packages offered by the State of Nevada. To date, there have been numerous unfulfilled requests resulting in the loss of at least several possible productions and associated revenue in the millions.

■ The inability to generate production throughout the entire state

According to our database, over 95 percent of production occurs in the Southern Nevada area. Despite the fact that the NFO has a satellite office in Carson City and promotes the entire state for shooting, Hollywood and other production hubs seem unwilling to travel beyond the southern Nevada area. The result of this is loss of potential clients, tourism opportunities and dollars, productions and building of crew base, associated revenue and reputation as a non-film friendly environment. If the agency was able to increase production throughout the state, an economic stimulus to multiple jurisdictions, other than Las Vegas, would be enhanced.

■ Deficiencies of infrastructure

Nevada is a destination production state meaning they come, they shoot and they leave. There is not much pre- and post-production occurring in Nevada. There are studios in Las Vegas but they are nothing more than empty warehouses as they don't have permanent product shooting within and are not equipped with built-in infrastructure such as ARII, Panavision cameras, Kodak film and processing, grip and lighting packages, crew, etc. This means that Nevada is losing production new and potential business, revenue and continues the trend that Nevada is simply a “destination production” community.

1. Local talent (directors, producers, writers) is currently insufficient to retain and promote continuous production in the state

New York, Los Angeles and Chicago are famous for cultivating and encouraging local talent to create, produce, write, edit and direct in their own states. The NFO sponsors a screenwriting competition to encourage and foster local's

development, but the state must do a better job to support and retain the talent here.

2. The need to change Nevada's image/credibility

It has always been a challenge to change the perception of the local production community to "Hollywood" They believe they need to bring in entire crews, above and below the line, because they feel that Nevada does not have the talent to support productions. This must change so members of the local production community and local pre- and post-production facilities are utilized. We have to keep the talent, the jobs and the revenue in Nevada. If the agency can continue to change our credibility and ability we can increase production and the use of more local crews and facilities.

Goals

- To increase revenue generated by film/production in the state while competing with states that offer tax credits and financial incentives
- To increase the level of production throughout the entire state
- To increase the number of state-of-the-art studio facilities and infrastructure within the state
- To increase the amount of local talent that is available and utilized for productions filmed in the state
- To increase the state's positive image and credibility related to film production and increase the state's viability as a prime production location

Objectives & Actions

To increase revenue generated by film and production, create film related jobs and increase tourism in the state of Nevada.

- Be proactive and accentuate the positives by focusing on Nevada's favorable tax climate (no corporate, personal, unitary, personal, inheritance and franchise tax)
- Showcase the state's awe-inspiring and one-of-a-kind locations
- Continue providing our exceptional customer service
- Emphasize our affordable accommodations and over 300 days of sunshine
- Speak for our award-winning and talented crew base and state-of-the-art pre and post facilities.
- To continue supporting, promoting and cultivating the local production community

To increase existing efforts in education/outreach to the rural communities.

- Reach out to the smaller/rural communities and educate as to the benefits and potential revenue generated from filming and production.
- Instruct and coach local business and government officials who can act as location scouts and ambassadors for production in their areas.
- Conduct more local presentations regarding what the NFO does to enhance agency awareness. Change perception and convince Hollywood that there is more to Nevada than just Las Vegas.

- Continue efforts to expand film locations across the entire state
- Strengthen our ability to cultivate local talent and keep production and talent from leaving the state.

To increase the number of state-of-the-art studio facilities and infrastructure in the state.

- Continue to meet with studio and production executives about bringing state-of-the-art studios to Nevada.
- Convince Hollywood that Nevada offers the perfect tax climate, potential employee base and quality of life to accommodate a permanent production studio with built-in production and infrastructure.

The NFO will continue to promote more participation in our Screenplay Competition as well as conducting local seminars to encourage the potential and promise of the future production community.

- Increase production by continuing to cultivate local talent who can create, produce, write, edit and direct in the state.
- Convince producers that they don't need to bring in entire crews because we have the talent and facilities to support total production needs.
- Enhance credibility so that the local production community and the local pre- and post-production facilities are utilized.
- Keep, foster and encourage the local production community to keep the talent in Nevada.

The NFO will change the credibility and perception of Nevada.

- Continue to be leaders in tradeshow visibility and advertising campaigns in unique and creative venues and publications.
- Convey and promote our local award winning and deep production and talent crew base and state-of-the- pre and post production facilities to Hollywood and productions worldwide.

Rural Community Development Community Development Block Grant Program

The Rural Community Development Division of the Commission on Economic Development provides: Community Development Block Grant (CDBG) funding to communities throughout rural Nevada; and training in grant administration and community development issues. The overall mission of the division is to foster sustainable community development through the provision of suitable living conditions, decent affordable housing and economic opportunities in rural Nevada.

Challenges

■ **Substandard living conditions in rural Nevada**

Rural Nevada's water and wastewater facilities and other infrastructure are inadequate, needing significant repair, expansion or replacement. This is evident by the number of applications CDBG receives annually for infrastructure projects and the proportion of CDBG funds spent on such projects. Dilapidated and inadequate infrastructure can lead to health problems for local residents, impact negatively on a community's overall attractiveness to investors, and limit growth.

■ **Lack of affordable housing**

There is a shortage of affordable, permanent housing in rural Nevada – defined as housing for first-time homebuyers, and low-to-moderate income families and seniors. This leads to individuals and families living in substandard and crowded facilities, low-to-moderate income individuals and families being discouraged from moving to or staying in rural communities, and a reduced level of services and community growth.

■ **Lack of an entrepreneurial culture in rural Nevada**

Recruiting large businesses to small rural communities in Nevada is unlikely, therefore more emphasis is needed on training, assisting and developing small businesses and entrepreneurs at the local level. Despite existing efforts in business counseling and entrepreneurial training, there is insufficient progress in this area and no real impetus towards a locally-driven entrepreneurial culture in rural Nevada. This results in young people leaving rural towns and communities, inadequate retail and other service providers at the local level, and the gradual deterioration or demise of some rural communities.

■ **Backlog of open grants**

Historically (especially between 2002 and 2005) inadequate time and attention were given to monitoring and closing CDBG grants throughout rural Nevada. As a result, there are far too many open grants in the program that have not been properly monitored for closeout. This backlog of unclosed grants hampers program staff in day to day activities, and hinders progress on innovation and the development of best practices within the program.

■ **Limited impact of the CDBG program in rural Nevada**

The State and Small Cities/Rural CDBG program receives less than \$3 million each year from the US Department of Housing and Urban Development (compared to over \$17m

for urban Nevada). This results in limited direct impact from the program. Collaboration with other funders is therefore vital to create effective leveraging and increased impact from the CDBG funds.

■ **Inadequate community development planning and implementation**

Insufficient time and effort is given throughout rural Nevada to effective strategic planning at the local level. While HUD requires CDBG applicants to undertake housing and community needs assessments, in practice these are poorly done and frequently do not involve public participation. In addition, where plans exist, they are seldom used or acted upon so are ineffective in promoting meaningful community economic development in rural Nevada.

Goals

- To increase the impact and effectiveness of the State and Small Cities CDBG program in rural Nevada so that HUD's overarching goals of enhanced living conditions, more and better affordable housing, and increased economic opportunities might be realized in rural Nevada
- To increase the operational efficiency of the CDBG program in rural Nevada so that HUD's standards and the expectations of program beneficiaries might be met, and the program widely recognized for its efficiency
- To increase collaboration between rural community and economic development agencies, and increase exposure given to successful community development in rural Nevada, thereby increasing the effectiveness of community development resource delivery to rural Nevada
- To increase the level of understanding and implementation of Community Assessments and strategic planning in rural communities throughout rural Nevada resulting in a better informed and more engaged leadership
- To increase the effectiveness of community development strategies and the implementation of action plans in rural Nevada resulting in more and better infrastructure facilities, more affordable housing, more skilled workers and increased entrepreneurial development.

**Objectives
& Actions**

To increase the amount of CDBG money dedicated to economic, especially entrepreneurial, development from \$125,000 in 2011 to \$175,000 in the next 2 years thereby diversifying the local economies in rural Nevada and leading to more competitive rural communities

- Prepare a justification between January and July 2011 for increasing the CDBG funds set aside for economic development from \$125,000 to \$175,000 per year
- Hold a CDBG and economic development training workshop by June 30, 2011
- Present the above justification to the CDBG Advisory Committee prior to the 2011 Annual CDBG Forum and gain their support
- Provide a training module on economic development and CDBG funds for presentation in 2011 and in subsequent years
- At the 2011 Forum, present and gain approval for the increase in economic development set-aside funds from \$125,000 to \$150,000

- Repeat this exercise in 2012 for an increase from \$150,000 to \$175,000

To reduce the number of months given to complete CDBG projects by 10 percent in the next 2 years resulting in better timeliness of expenditure and better access to capital by rural communities

- Analyze and determine the average completion time for various types of CDBG projects from 2006 to the present, and present these data to the Advisory Committee in March 2011
- Discuss with staff and decide how to enforce or make more meaningful the 9-month first draw requirement
- During 2011 develop a position paper on the need for project readiness (for projects being funded by CDBG), and develop new rules pertaining to project delays and extensions
- Present the above paper and rules to the CDBG Advisory Committee prior to the 2011 Annual CDBG Forum and gain their support
- At the 2011 Forum, present and gain approval for the new rules which will be effective for applications in 2012
- During 2011, work on improved and legally-binding grant agreements for use between the state and its grantees. These will be introduced in July 2012 and will deal with, *inter alia*, project extensions and completion dates
- Continue to encourage the increased rate of grantee expenditure that characterized 2009 and 2010 and stay in the top 5 of all states in HUD's Timeliness of Expenditure charts

To reduce to zero the number of pre-2006 open grants in the next 2 years, to reduce the administrative burden of so many open files, to score higher in HUD's biennial audits, and raise the overall management standards within the program

- Determine the exact number of pre-2006 grants that are open at the end of 2010 by mid January 2011
- Perform a risk analysis on these data: determine current status, complexity and estimated time and resources needed to close
- Develop a monitoring schedule to close these pre-2006 grants by end of January 2011 (bearing in mind that many post-2006 grants also need monitoring and closing)
- Assign responsibilities to staff and external parties on monitoring and closing open grants
- Implement this monitoring schedule in 2011 and 2012 so that by July 2012 all pre-2006 grants are closed
- In 2011, close all the outstanding economic development grants including old Revolving Loan Fund grants

To reduce the amount of accumulated program income from the Nevada Revolving Loan Fund (RLF) to zero in the next 2 years to allow these funds to be re-allocated as new loans, or made available for further grants

- Within the first quarter 2011, determine what the state is holding in accumulated RLF receipts

- Analyze which loanees are still paying into the RLF and their expected payment schedules
- Determine which RLF loanees are in default, and determine a plan of action regarding these defaulting borrowers
- In second quarter 2011, establish a new revolving loan program with CDBG funds
- Continue to set aside further funds in 2011 and 2012 for the new revolving loan fund
- By February 28, 2012 allocate all of the proceeds from the old RLF to the new fund or to the general CDBG pool for distribution in March 2012

To increase knowledge and understanding of at least 3 community development programs which use CDBG funds, or are applicable to CDBG, in the next 2 years, and attempt to implement them in Nevada, to improve resource delivery to Nevada's rural communities

- Throughout 2011, study in more depth Revolving Loan Fund programs, the Hometown Competitiveness program, CDBG Float Funding, leadership development and development programs for entrepreneurs through written materials, internet research, conferences and dialogue with practitioners throughout the country, and share knowledge with colleagues and other service providers in Nevada
- In 2011 and 2012 expand understanding of Asset Mapping, Asset Based Planning and Community Business Matching, using Social Media, and share knowledge with colleagues and other service providers in Nevada
- In 2011 and 2012 send CDBG staff to at least 2 conferences/workshops per year for training in CDBG and community development

To increase familiarity of what other CD service providers are doing in rural Nevada and share what CDBG is and can do with at least 3 other service providers on a regular basis, and consistently increase the overall visibility of CDBG

- In 2011 continue with current collaborative efforts (WNDD, NRDC, USDA) and endeavor to attend RNDC Quarterly Board meetings on a regular basis
- In 2012 expand collaboration to include more interaction with UNCE, RCAC, Tourism and seek to expand the involvement of NRDC in community development in rural Nevada
- Convene at least one training conference on rural community economic development in Nevada in 2011 and 2012
- Prepare at least 50 per cent of a new and updated CDBG administration manual in 2011 and complete the manual in 2012
- Write up and publish on the NCED website at least 2 success community stories in 2011 and 2012

To increase the amount of CDBG money dedicated to community assessments, strategic planning and leadership development from \$45,000 to \$65,000 in the next 2 years to help rural communities see the need for good strategic planning and leadership development and to undertake such activities

- Prepare a justification between January and July 2011 for increasing the CDBG funds set aside for community assessments and leadership development from \$45,000 to \$65,000 per year
- Present this justification to the CDBG Advisory Committee prior to the 2011 Annual CDBG Forum and gain their support
- Provide training modules on Community Assessments, strategic planning, leadership development for presentation in 2011 and in subsequent years
- At the 2011 Forum, present and gain approval for the increase in specialized planning and training funds from \$45,000 to \$55,000
- Repeat this exercise in 2012 for an increase from \$55,000 to \$65,000

To increase the number of completed Community Assessments in rural Nevada from 9 to 16 in the next 2 years, the number of completed strategic plans to 2 by 2012 (to showcase the importance of good strategic planning in community-driven growth and development), and the number of communities adopting leadership development training

- In 2011 be involved (with or without CDBG funding) in at least 2 more Community Assessments in rural Nevada
- Work with UNR and NRDC on an Strategic Planning model for rural Nevada which includes Community Assessments
- Work with one of the communities in 2011 that has undergone a Community Assessment and develop a comprehensive Strategic Plan
- In 2012 be involved (with or without CDBG funding) in at least 2 more Community Assessments in rural Nevada
- Work with one of the communities in 2012 that has undergone a Community Assessment in 2011 or 2012 and develop a comprehensive Strategic Plan
- Extend the adoption of the Rural Engaged Leadership Program (RELN) by 2 additional communities in 2011 and 2012 and complete Train the Trainer programs in the 3 communities adopting RELN

To increase the dollars leveraged by CDBG funding in infrastructure projects from a \$1:\$2 ratio to a \$1:\$3 ratio

- Analyze the average leveraging from CDBG funds in 2009 and 2010 on infrastructure projects before mid February 2011
- While matching funds are not required under the CDBG program, stress the value of leveraging at the Advisory Committee training in February, CDBG Application Workshops and the Annual Forum

To increase by 2 the number of communities that do housing needs assessments and follow-up with action in the next 2 years, in order to increase the affordable housing stock in rural Nevada

- Traditionally CDBG housing funds are used for Continuum of Care activities and housing rehabilitation. In conjunction with the Housing Impediments Analysis of 2010, encourage communities (at workshops and the Forum) to use the CDBG Housing set-aside funds for 1 Housing Needs Assessments in 2011 and 1 in 2012, and to initiate action where possible to remove barriers to affordable housing and to increase additional affordable housing stock.

To increase by 3 in the next 2 years the number of rural communities that have provided basic life skills training especially for the youth, thereby increasing the number of citizens entering the workforce with enhanced skills in the 3 communities

- Analyze by survey and other means the status of life skills training in a selection of rural communities in Nevada in 2011
- Also in 2011, research and draw up a list of appropriate courses that would be available to communities in rural Nevada
- Advise communities at the 2011 CDBG Application Workshop and 2011 Annual Forum to include life skills training courses in planning grant applications in 2012 and beyond

To increase by 3 in the next 2 years the number of rural communities that have provided basic business skills training, and increase by 2 the number of new business start-ups resulting from such training

- Research and formalize a list of business skills training that is available and would be appropriate for rural Nevada's communities by July 2011
- Advise communities – especially those that have done community assessments and strategic plans - to use the (increasing) economic development set-aside funding for specific business training courses (e.g. NxLevel, EDGE, E-Coaching etc.) in 2011 and 2012
- Advise NSBDC and other service providers of selected communities that are ready for business skills training throughout 2011 and 2012
- Establish a tracking system to determine business start-ups following the provision of business skills training in late 2011 and 2012

To increase by 1 the number of rural communities that have completed a strong branding and marketing plan which will attract more visitors, residents, businesses

- Assist communities with training in the need for branding and marketing plans and how to compete them in 2011
- Encourage those communities doing strategic planning with CDBG or other assistance to include branding and marketing plans in their strategic plans 2012
- Encourage communities to apply for the economic development set aside funds to assist in implementing the above branding and marketing plans beyond 2012.

Administration

The administrative staff of the Nevada Commission on Economic Development (NCED) provides professional administrative support to the divisions of the agency. Administration works in partnership with all staff to help achieve the goals of each department while maintaining efficiency, productivity, quality, and a professional atmosphere.

Challenges

■ General public lack of understanding of NCED

There is continuing misconception of what the NCED does. About 30 percent of the traffic that comes to the office pertaining to NCED involves individuals wanting information on how to start a business or seeking resources for their businesses. These individuals have quite often been told by those outside the agency that NCED is the place to begin for start-up businesses, which wastes time and resources, creates frustration for the public, and takes staff away from critical tasks.

■ Lack of internal communication reduces efficiency

There is insufficient internal communication within the agency whereby responsibilities and job duties of each department are not well understood by other departments. This creates confusion, reduces productivity, limits efficiency, and adds redundancies that can keep departments from fully achieving their mission.

Goals

- To reduce the number of misinformed people seeking assistance from NCED staff who are forced to redirect to other agencies and soothe frustrations expressed by these individuals.
- To increase the agency's overall level of efficiency, collaboration, and productivity.

Objectives & Actions

NCED will work to educate the stakeholders on the mission, programs and services the agency has to offer.

- Increase the number of press releases to various publications on NCED programs and services.
- Provide stakeholders with viable information on the programs and services of NCED
- Develop and maintain agency website and populate social media platforms.

Increase the communication within the agency, and the knowledge of NCED staff as to each division's responsibilities.

- Keep employees abreast on current activities within the agency having monthly staff meetings.
- Educate staff on the different programs within the agency by having a staff member from each department attend a function from another department within the agency.

List of Acronyms

CDBG - Community Development Block Grant Program
DETR – Department of Employment and Training
DRI - Desert Research Institute
EDA - Economic Development Administration
EDAs/DAs - Economic Development Authorities
EDGE - Educating, Developing and Growing Entrepreneurs
FDI - Foreign Direct Investment
FTE - Full Time Equivalent
HUD - US Department of Housing and Urban Development
INC - Infrastructure for Nevada's Communities Committee
JOIN - Job Opportunities In Nevada Program
LDGP - Local Development Grant Program
NACO – National Association of Counties
NCED - Nevada Commission on Economic Development
NCET - Nevada's Center for Entrepreneurship and Technology
NCOT - Nevada Commission on Tourism
NDC - National Development Council
NDEP – Nevada Department of Environmental Protection
NDOT – Nevada Department of Transportation
NEDA - Nevada Economic Development Association
NEDF - Nevada Economic Development Fund
NFO - Nevada Film Office
NHD - Nevada Housing Division
NHD – Nevada Housing Division
NHP - Nevada Highway Patrol
NIREC – Nevada Institute for Renewable Energy Commercialization
NLC&M – Nevada League of Cities and Municipalities
NMI – Nevada Microenterprise Initiative
NNTF – New Nevada Task Force
NRDC – Nevada Rural Development Council
NRHA – Nevada Rural Housing Authority
NRLF – Nevada Revolving Loan Fund
NSBDC – Nevada Small Business Development Center
NSHE – Nevada System of Higher Education
NVIE – Nevada Industry Excellence (formerly MAP)
NWWRC - Nevada Water and Wastewater Review Committee
POP - Procurement Outreach Program
PP&E - Property, Plant and Equipment

RCAC – Rural Community Assistance Corporation
RETAAC – Renewable Energy Transmission Access Advisory Committee
RNDC - Rural Nevada Development Corporation
SBA – Small Business Administration
SCORE - Service Corps of Retired Executives
TEN - Train Employees Now Program
UNCE – University of Nevada Cooperative Extension
UNLV – University of Nevada Las Vegas
UNR – University of Nevada Reno
USDA – RD - US Department of Agriculture - Rural Development
WUSATA – Western US Agricultural Trade Association
YPN - Young Professionals Network



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Title II of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act prohibit discrimination on the basis of disability in the programs of a public agency. Persons who need information contained in this publication in an alternate format may call Lindsay Anderson, Business Development & Research Director, at the Nevada Commission on Economic Development.