

**SOUTHERN NEVADA TOURISM INFRASTRUCTURE
COMMITTEE MEETING
July 14, 2015**

The meeting of the Southern Nevada Tourism Infrastructure Committee was called to order by Chairman Hill at 1:30 p.m. in the Grant Sawyer Building, Room 4412, 555 E. Washington Ave, Suite 2450, Las Vegas, Nevada, 89101.

1. ROLL CALL/CALL TO ORDER/ESTABLISH QUOROM

APPOINTED COMMITTEE MEMBERS PRESENT

Mr. Steven Hill, Chairman
Dr. Len Jessup, Vice Chairman
Mayor Carolyn Goodman, City of Las Vegas
Mr. Steve Sisolak, Chairman of the Clark County Commission
Ms. Kristin McMillan, President and CEO of the Las Vegas Metro Chamber of Commerce
Dr. Bill Noonan, Senior Vice President of Boyd Gaming
Mr. William Hornbuckle, President of MGM Grand Resorts
Mr. George Markantonis, Las Vegas Sands Corporation
Mr. Mike Sloan, Vice President of Stations Casinos

ADVISORY COMMITTEE MEMBERS PRESENT

Ms. Elizabeth Fretwell, City Manager of the City of Las Vegas
Mr. Donald Burnette, County Manager, Clark County
Ms. Rosemary Vassiliadis, Director of Department of Aviation, Clark County
Mr. Rossi Ralenkotter, President and CEO of Las Vegas Convention and Visitors Authority

APPOINTED COMMITTEE MEMBERS ABSENT

Mr. Tom Jenkin, Caesars Entertainment
Ms. Kim Sinatra, Wynn Resorts

ADVISORY COMMITTEE MEMBERS ABSENT

Ms. Tina Quigley, General Manager of Regional Transportation Commission of Southern Nevada
Mr. Guy Hobbs, Hobbs Ong & Associates

2. PUBLIC COMMENTS: 1:32 p.m.

Mr. Ed Uehling comments on his hope that this committee will not become one where it is difficult to get information. Uehling experienced a hard time getting information for

the meeting prior to today. Uehling comments on the low projections for tourism and states that tourism is the largest, fastest growing and most dynamic industry in the world and the committee is projecting growth rate of 1%. He remarks that the LVCVA goal is very low at 30%; he believes this means a disaster for the southern Nevada. Uehling points out that McCarran International Airport is the 9th largest airport in the nation when it used to be the 5th.

Chairman Hill thanks Mr. Uehling for his comments and says the committee will take them into consideration. There are no more public comments.

3. COMMITTEE INTRODUCTIONS: 1:40 p.m.

Chairman Steve Hill introduces himself as the Director of the Governor's Office of Economic Development. He attributes part of his original company's success to Nevada's tourism and hospitality industry and expresses his gratitude to that industry for helping to drive the economy in southern Nevada for so long.

Mayor Carolyn Goodman introduces herself. She cites convention business and general tourism as the two most critical sectors. Mayor Goodman notes that after just recently coming out of a recession they have had the best year ever at 41 million visitors.

Steve Sisolak introduces himself as a member of the Clark County Commission representing district A. He states it is not just the tourism money that is valued but the jobs being created which keep residents employed and their families supported.

Rosemary Vassiliadis introduces herself as the Director of Aviation for Clark County. The Department of Aviation is made up of five airports with McCarran International Airport being the largest commercial airport, with smaller operations in North Las Vegas, Henderson, etc. She has been with the airport since 1997 and the county since 1995.

Don Burnette has been the county manager for about 4.5 years. Burnette is a 25-year resident of southern Nevada and employee of Clark County having spent all 25 years in the County Manager's office.

Len Jessup introduces himself as the President of UNLV. He has been at UNLV for six months and states he came to Las Vegas because he wanted to be part of the change and is happy to be here and participate.

Kristin McMillan introduces herself as the President and CEO of the Las Vegas Metro Chamber and has been in that position for just over four years. McMillan expresses she has a passion for business and likes not only representing business, and building a better climate for business; but also wants to work in a community which is really focused on creating jobs and improving the health of its economy.

Elizabeth "Betsy" Fretwell is the City Manager of the City of Las Vegas and has been the City Manager for about 6.5 years. Fretwell has been with the City of Las Vegas for 15

years and has worked with the City of Henderson before that. She offers a city perspective, a local government administration perspective and hopefully a local government financing perspective for all the things that need to be done in this community to keep it and the recovery strong.

William “Bill” Hornbuckle introduces himself as the President of MGM Resorts. Hornbuckle has been with a handful of Las Vegas properties, namely MGM, Caesar’s, Treasure Island and Mandalay Bay. He has also had the pleasure to serve on many of these boards for the better part of 5-6 years.

Bill Noonan has had 18 years in the public sector, 3 of those in Las Vegas. Noonan moved over to the private sector and has 21 years of experience, the last 14 of which have been in the position of Senior Vice President for Boyd Gaming.

Rossi Ralenkotter introduces himself as the President and CEO of the Las Vegas Convention and Visitors Authority. Rossi went to work at the convention center in 1973 and has been there for 42 years, where he has been the president for ten years. Rossi feels the only way for a city to be successful is by moving people from point A to point B. Thus, the infrastructure needs to be going forward with mid-term, long-term and some short-term changes to that.

George Markantonis introduces himself as the new President and Chief Operating Officer of Venetian, Palazzo and Sands Expo Center. Markantonis first came to Las Vegas in 1995 where he was at Caesar’s Palace, leaving as a Senior VP of Offices in 2004. Markantonis returned four months ago, but during his time away he considered himself a tourist which gives him a dual perspective on the industry.

Mike Sloan introduces himself as the Vice President in charge of government affairs for Station Casinos. Mr. Sloan moved to Las Vegas in 1959. In 1985, he joined Circus Circus as general counsel and stayed with that company for about 20 years and after MGM bought it he semi-retired until 4 years ago.

4. **OVERVIEW OF THE OPEN MEETING LAW: 2:03 p.m.**

Sophia Long, Deputy Attorney at the Attorney General’s Office, introduced herself. She states the open meeting law is to make sure that, boards, commissions and other public bodies are transparent so the public is aware of decisions made. She notes a meeting cannot take place unless there is a quorum. Since there are eleven members in this committee, quorum would be at least seven members being present physically, via video conference or via telephone conference. She addresses agenda item 8, committee member comments, and states this should not be used for topics not on the agenda. Another thing that gets board members in trouble is trying to discuss meeting items outside of a meeting when there is a quorum. Meeting topics should only be discussed during meetings to maintain transparency with the public. Another violation of open meeting law would be participating in a serial quorum or a walking quorum. Also, the chairman dictates how the meeting is run based on the agenda and also when a vote can be called or when to

move on. The last point she makes is that if there is an open meeting law violation, Chapter 241 outlines how the committee can cure the violation and outlines how it should be put on the agenda.

**5. OVERVIEW OF THE COMMITTEE CHARGE AND PROPOSED PROCESS:
2:12 p.m.**

Chairman Hill opens up discussion on the proposed process for the committee. In June, Governor Sandoval issued an executive order forming this committee. He asked that the committee meet before July 15, 2015 and that in approximately 1 year they submit recommendations from the committee both to the governor and potentially for legislative action if that is part of the recommendations that the committee makes. Mr. Hill explains that the committee does not have authority but the ability to help implementation and produce results. Attempts to diversify the economy in the region need to begin with an understanding that the tourism and hospitality industry is the engine that has driven southern Nevada and that it will continue to do so into the foreseeable future. Las Vegas is the global leader in the tourism industry and the purpose of this committee is to help in any way they can to make sure that it not only stays that way but continues to grow. The specific job of this committee is to hear and study the input from a broad cross section of stakeholders in 5 areas: airport and aviation; convention centers and event meeting spaces; stadiums and event centers; roads, highways and mass transit; and pedestrian movements. There is to be an initial meeting once a month on each of those topics and the committee will invite stakeholders to make presentations in those areas. There will be major projects and it is the role of this committee to make sure that all of those plans tie together. The technical advisory committee members will take a lead role in each one of those topics according to area of expertise and to help coordinate other stakeholders to come and make presentations.

There has been an outline made of people to come present who would be appropriate to do so but it is certainly open to suggestions for people to add to the schedule. The project will be prioritized both in terms of importance and time. The committee will look at funding mechanisms and cost-benefit analyses throughout the process. This will be an inclusive and open process, and the committee will work towards making information available prior to meetings.

The 4th Thursday of each month has been proposed for meeting other than in November and December 2015 where it has been proposed to put those two meetings together on December 3rd. The August through December meetings will be at UNLV. In January the committee will meet in 4401 in the Grant Sawyer State Building. For the August 27th meeting, a report on the future of transportation has been recommended, respecting this may need to be altered based on the availability of participants.

Constraints will not be placed on what the presenters want to present. What the committee would like to understand is how these presenters look at success in their particular field, what the critical topics are and recommendations on what this committee

could recommend in order to help improve on whatever topic may come before the committee, any action needed by the legislation in order to do so.

Mr. Markantonis brings up September 24th may be a conflict in schedule for some board members due to the G2E conference.

Mr. Aguero states the intent is to have pre-interviews with everyone on the list to go through specifically what the charge of the committee is, to outline specifically what the questions are and to follow up with a letter outlining the time that they will have during each meeting to ensure it is as structured as possible.

Chairman Hill closes agenda item 5.

6. SOUTHERN NEVADA'S ECONOMIC GROWTH AND THE IMPORTANCE OF TOURISM INFRASTRUCTURE 2:37 p.m.

Chairman Hill states he and Mr. Aguero have discussed providing those who would be giving testimony a baseline economic projection so that the committee has a standardized baseline for projections.

Mr. Aguero's objective is to deliver this information to those that would be testifying to provide a uniform baseline, respecting the fact that they may have different opinion which may be equally important to what they offer as an expected condition and the challenges they face. The idea is to come out with actionable goals relative to infrastructure in southern Nevada that relate towards tourism and to come up with financing mechanisms or funding mechanisms for that particular infrastructure. Also, the committee will need to evaluate testimony and make recommendations for improvements to public and private convention facilities, public and private entertainment facilities, current tourism-related transportation modes and other related infrastructure.

Mr. Aguero notes that the projections that are offered here are Applied Analysis's projections. He points out that they have intentionally offered relatively conservative projections because if the committee is considering periods going out to 2050 or 2060, it was felt that it was probably a good idea to be on the lower, achievable end of the spectrum.

The population in southern Nevada has doubled during every decade and there is no other economy of this size that can say the same thing. The economy in southern Nevada is largely focused on tourism, and job-related motivations remain the single-largest motivating factor for population migration into the southern Nevada area today. Las Vegas now ranks as the 7th fastest growing metropolitan area over 1 million people in the United States. The population projection from 1970 to 2050 is just over about 1% relative to population through 2060. The question becomes if we fail to make changes to our infrastructure, people are likely coming anyway. This will put strain on key assets and may ultimately be a limiter relative to that growth.

There are two general categories of employment discussed in terms of southern Nevada, establishment-based and labor force employment. These figures focus on establishment-based employment. Comparing population and employment figures, employment is expected to grow a little less than population. The reason for that is southern Nevada has an aging population that is exiting the workforce. The second most common motivation for population migration in to southern Nevada is retirement. We are substituting capital for labor and that essentially means we are using more technology in order to do business as we do it. This ratio has been declining now for 10 years.

Generally speaking, growth in terms of personal income is a metric that we will always keep in close mind because having consumers that are better off, that means working 40 hours instead of 30 hours, having a job that they like, fulltime employment versus part-time, etc.

The intent to vacation numbers have escalated. Southern Nevada has also seen increases in visitor volume. The region set a record for the most people who decided to get in a car or in a plane and visit the region. We have demographically shifted to become younger, more international. We have more vacant hotel rooms on any given night than most communities have hotel rooms. We have spent the last 20 years building bigger hotels with many, shifting during the last 7-8 years to building more reasons to fill them, which is reflected in the diversity of the spending profile by visitors and residents alike in that area.

The visitor volume is expected to increase by roughly 1% per year. That will take southern Nevada to 60 million visitors by the time the region gets to 2050. We are seeing 1 in every 3 visitors to Las Vegas sourced to California, mainly southern California. This puts strains on I-15 as 81% of visitation is repeat visitation. On average, those repeat visitors have come 6.9 times. Forty-seven percent of visitors report pleasure or leisure as the primary motivation of their visit; to gamble is only 12% of the total. Adding up all the first-time visitors, 69% fall into that vacation and pleasure category. Only 4% fall into gambling, which underscores just how important the diversity within the industry has ultimately become and our ability to deliver and providing those assets to various locations.

Leisure and hospitality created more jobs over the last 12 months than any other sector of our economy. Our employment growth in leisure and hospitality has outpaced overall employment growth in southern Nevada. It is up 12.8% or 32,000 jobs from where it was at the low point. We will strive to try and capture and broadly define what our tourism economy is and what that tourism sector means to us today and going forward.

Southern Nevada has a tremendous share of the total employment located essentially between McCarran International Airport and Cashman Field or downtown. A very large share of our economy is sourced to a very small area of land. Maximizing it, determining how we can preserve our competitive advantages, will be incredibly important.

The Clark County School District is the single largest employer in southern Nevada. Clark County Government is number two, and the majority of other major employers ones are hotels and hotel resorts.

The tourism industry generates about \$1.5 billion worth of revenue. Our principle business tax is the payroll tax generating about half a billion dollars a year. Gaming revenue tax alone is about \$700 million dollars a year. There is almost nothing that a visitor does that is not subject to tax.

The southern Nevada economy is just slightly less than \$100 billion dollars in size. That includes the direct, indirect induced impacts. Gaming is a much less competitive advantage than it once was due to gaming spread across the US and globally, including Native American casinos. The idea that Las Vegas has anything approaching a competitive advantage relative to casino gaming is not true, but Las Vegas does have a competitive advantage relative to entertainment and tourism, certainly. If we look at the projects that are currently in the development pipeline, that adds up to roughly \$11.2 billion dollars. The amount of investment and continued commitment to our community relative to infrastructure and public and private sector exists and is robust.

Floor opens up to questions at 3:11 p.m. from committee members regarding concerns over being able to accurately project figures for 2050-2060 as well as the concerns regarding the school system, water source, flooding, inability for infrastructure to handle population growth via hotel room numbers, etc. The age breakdown is also brought up and question about those figures.

Mr. Aguero references the Las Vegas Convention and Visitors Authority profile that breaks down visitor volume by generation. He then references McCarran International Airport as one of the busiest airports in the United States and in the world and as a critical link between Las Vegas and the rest of the world. Its growth has been somewhat modest during the economic recovery. In addition, Terminal 3 has greatly helped facilitate tourism growth, particularly international travel.

The next area of concentration is stadiums, arenas and events centers. Mr. Aguero notes that special events have become increasingly important to the local tourism economy. Southern Nevada is number one in the trade show 250 and has been for 21 consecutive years. Convention centers are a lucrative market and are critically important to southern Nevada, particularly in regards to periods where visitor volume is slow.

Mr. Aguero comments on roads, highways and mass transit-transportation infrastructure. There are a number of transportation recommendations, which include employee movements, transferring people to the airport and people's ability to get from one resort property to another or one convention center to another easily as the average visitor today visits 5.7 properties during their stay. By some estimates, the number of people walking on the Las Vegas Strip will triple over the next 20-30 years creating, again, essentially a parking lot of humanity along the Las Vegas Strip. The Regional Transportation Commission's Transportation Investment Business Plan also considers urbanization and

what happens as the urban form changes, as the economy changes and its transportation changes. This system-based approach is worthy of consideration as these elements are inextricably interlinked.

Mr. Aguero notes that the final area is one of funding infrastructure. The charge of the committee is to come up with recommendations that are financially responsible, economically sound, and sustainable. That means considering that which is legally possible, that which the market can accept that is viable and that is ultimately fiscally responsible. The idea of getting the most out of every dollar that we spend, commonly referred to as return on investment, is critically important.

Chairman Hill opens the floor to any further questions.

Mr. Hornbuckle states it would be interesting to understand the tax pool that is dedicated to tourism. He indicates that we would like to understand how that is accessed and what it can be used for. He thinks that maximizing the utility of the capital, broadly defined, and may ultimately have the best results for the industry.

Chairman Hill leaves agenda item 6 open and opens agenda item 7.

7. INTRODUCTION OF AGENDA ITEMS SCHEDULED FOR AUGUST MEETING 3:30 p.m.

Jeremy Aguero continues and notes Chairman Hill requested that in advance of every upcoming meeting, Applied Analysis will provide a preliminary briefing in terms of what the committee can expect to see in the next meeting. Scheduled for August are two elements. One is McCarran International Airport. The second is the future of transportation. Mr. Aguero indicated that his team is working on booking people and getting them in for transportation.

With McCarran International Airport being the 9th busiest airport in the United States and the 25th busiest airport in the world, it is critically important to southern Nevada's overall economy. Terminal 3 was a \$2.4 billion project that increased the practical capacity of the airport and allowed southern Nevada to bring in international flights that may not have come otherwise. The majority of its passenger base, about 80%, consists of tourists and convention visitors. Air travellers are very important to the region's tourism economy as they spend more, stay longer and are simply a more valuable consumer and also a much larger consumer pool.

Over the next two decades, the Federal Aviation Administration projects the number of passengers served by US airports will grow by about 2% annually. The most recent FAA airspace capacity report lists McCarran International Airport as one of nine US airports that will need added capacity by 2030 even after accounting for NexGen air traffic control enhancements.

Mr. Aguero notes that three people have been targeted to speak to the committee about the future of transportation. One has already agreed, Dr. Beslowski from Michigan's Center for Transportation Research, a foremost expert on what the automotive industry is doing and what they are likely to do in the future. Mr. Aguero indicated that his staff is trying to get representatives from the department to come in and talk to the committee about the in-depth study of the nation's transportation network, including airports, highways, roads, waterways and the like.

As the infrastructure ages, it will become more expensive. America will add 70 million people by 2045 with the greatest increase in the south and west. One of the things we want to explore is which one of those critical infrastructure points collapses first and what does that mean for the region's economy. We are essentially planning for an uncertain future with autonomous cars, modern mass transportation, etc.

Furthermore, southern Nevada is anticipated to remain an attractive urban area for residents, visitors and businesses. The resort corridor broadly defined will remain at the core of the region's economy as its largest source of employment, business activity and state and local revenue. The industry will also face greater competition internationally and domestically. Growth, land and resource limitations will put increasing pressure on developing densities. Existing infrastructure will be insufficient to meet the demands of future growth and existing infrastructure will require higher operations and maintenance costs as it ages.

Chairman Hill closes agenda item 6 and opens agenda item 8.

8. COMMITTEE MEMBER COMMENTS: 3:58 p.m.

Ms. McMillan asks whether recommendations will be made at each meeting and how the committee will distill so much information to recommendations for the governor. Chairman Hill remarks that the committee will first receive information from experts in each of the identified subject areas, determine if additional information is required and then prioritize its recommendation in report format.

Mayor Goodman notes that is important to get a sense of what other areas, including other countries and other tourism markets, are doing relative to transportation infrastructure.

Chairman Hill closes agenda items 7 and 8.

9. PUBLIC COMMENTS: 4:07 p.m.

Ed Uehling states the committee is not substituting capital for labor but substituting comfort, tradition, status quo and political power for labor. He says the committee is afraid of growth yet supported an 18% increase in taxes. Uehling remarks that education is critical, lacking infrastructure. He says Las Vegas students will not be qualified to work in this industry and will not know how to deal with different cultures.

Chairman Hill thanks Uehling for his comments but his time has expired. There are no other public comments.

Chairman Hill closes agenda item 9.

10. ADJOURNMENT: 4:10 p.m.

Chairman Hill closes the meeting by thanking everyone for coming and is looking forward to the next meeting.

Chairman Hill entertains the motion for adjournment. Mike Sloan makes the motion, Steve Sisolak seconds the motion and the motion passes unanimously at 4:12 p.m.