



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** December 17, 2015

**Staff Contact:** Nick Marano, City Manager (nmarano@carson.org)

**Agenda Title:** For Presentation Only: To provide a quarterly report on the Retention and Expansion Economic Development Plan for Carson City by the Northern Nevada Development Authority (NNDA) as approved on August 7, 2014. (Danny Campos)

**Staff Summary:** Staff from the Northern Nevada Development Authority (NNDA) will present progress against plan metrics including performance on overall plan goals, recruitment goals, retention goals and expansion goals.

**Agenda Action:** Other/Presentation

**Time Requested:** 15 mins

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## **Proposed Motion**

None – presentation only.

## **Board's Strategic Goal**

Economic Development

## **Previous Action**

Approved at the Board of Supervisor's August 7, 2014 meeting.

## **Background/Issues & Analysis**

NA

## **Applicable Statute, Code, Policy, Rule or Regulation**

NA

## **Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number:

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact:

## **Alternatives**

NA

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

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(Vote Recorded By)

December 17, 2015

**Plan Metrics - Overall Plan Goals:**

1. To create a one-stop resource, as outlined above, for existing Carson City manufacturers for all issues attached to growth, expansion and retention of their business.
2. Continue to monitor impacts beyond plan completion and provide annual updates.

**Update 12-17-15**

To date NNDA has mailed, emailed, or called all known manufacturers in Carson City for the purpose of securing in person meetings with executives representing Carson City manufacturers and to communicate the resources and programs available to local manufacturers. The second phase of outreach, an attempt to gain additional meetings with local manufacturers, is completed, as is the third phase of the process.

To date, NNDA has completed 65 interviews with targeted representatives (up from 30 interviews reported in last update). Available resources and assistance has been communicated to all executives interviewed. Aligned with expectations outlined above, all companies interviewed are now aware that NNDA can facilitate assistance, offer incentives for expansion and is a one-source contact for most resources available to them. This message will continue to be promoted ongoing through the entire duration of the contract and beyond.

**Plan Metrics - Recruitment and Expansion Goals:**

1. Increase total manufacturing jobs by 5% through new relocations/expansions from out of the region by plan completion
2. Increase jobs using a multiplier of 1.8 of manufacturing jobs created

**Update 12-17-15**

Although NNDA has had progress in both expansions of existing Carson City manufacturers and in recruitment, the labor statistics show a slight decrease in manufacturing jobs. At current, NNDA has assisted one company, Western American Foods with relocating from California to Carson City. The company is estimating to create a minimum of seven new jobs at this time. In addition, NNDA is in the process of assisting a food related manufacturer with a major expansion that is expected to add 30 new direct jobs and another 15 in indirect and induced jobs.

In the last update NNDA reported that a California manufacturer was close to committing to Carson City that would create over 50 overall jobs. After several weeks of working with this company, they were forced to locate in Dayton due to a lack of available facilities in Carson City.

Note: Carson City is absent facility inventory over 20,000 sq. ft. with at least 22 ft. clear height. Although 30 plus companies have visited Carson City since the beginning of this contract, the reoccurring reason for not choosing Carson is the lack of suitable buildings. NNDA has worked in partnership with Nevada Builders Alliance, NNDA's Construction & Design committee and several other regional partners to create the state's first Certified Site Program. This program is step one in an effort to overcome the lack of inventory suitable for manufacturing in Carson City.

To Date (since approval date of contract):

- 41 leads (generated by all sources)
- 20 leads through contracted fee based consultants
- 4 leads generated through ongoing mailing campaign
- 38 total site visits (includes multiple visits from same company)

Plan Metrics - Retention Goals:

1. Create ad-hoc teams for 10% of interviewed companies focused on increasing revenues and profitability to address issues such as:
  - a. Workforce development/education
  - b. Succession planning
  - c. Legislative issues
  - d. Obsolete technology/processes
  - e. Debt/equity financing requirements
  - f. Marketing/sales assistance
  - g. Business plan review
2. Complete the launch of at least one career pathway in partnership with Carson City manufacturers and Western Nevada College.

#### **Update 12-17-15**

Through the ongoing manufacturers interviews, NNDA staff has identified 29 assistance opportunities and is in the process of assisting manufacturers with various items such as finance, workforce, HUB Zones and Foreign Trade Zones (FTZ) . A full report on results from all interviews is attached (**attachment #1**). The interview forms, procedures and data base have all been completed and are currently in use.

In partnership with Western Nevada College, Carson High School and various Carson City manufacturers, two manufacturing related career pathway programs have been launched and are currently operating: a series of manufacturing

courses targeted at high school students and two job skills certificate programs offered to all residents. The high school offered courses include Fundamentals of Applied Industrial Technology, Applied Industrial Technology Hands-On Lab, Applied Industrial Technology Projects and Electrical Control Systems. The Job Skills Certifications offered are Manufacturing Technician and Industrial Electronics Technician.

**Plan Metrics - Expansion Goals:**

1. Increase total manufacturing jobs by 5% through new expansion projects by plan completion
2. Increase jobs using a multiplier of 1.8 of manufacturing jobs created
3. Assist 10% of interviewed companies with expansion projects focused on increasing revenue and profitability by creating ad-hoc teams by plan completion with issues such as:
  - a. Exporting
  - b. New market development
  - c. Facility expansion
  - d. Workforce recruitment/development
  - e. Business plan review

**Update 12-17-15**

Through NNDA's general market campaigns, manufacturing interviews and ongoing activities, staff has been able to identify twelve manufacturers in need of assistance with expansion plans and are currently in various stages of assistance. Since our last update, four manufacturer's NNDA was engaged with for expansion purposes have decided to hold off on plans for expansion, two are moving forward as planned and several others are on temporary hold. In addition, NNDA is working with local manufacturers in areas such as HUB Zone/Foreign Trade Zone designation, financial assistance options, and New Market Tax Credit opportunities and in several other areas of need.

**Sources**

The baseline measurement for jobs in Carson City will be from the US Department of Labor's Bureau of Labor Statistics ([http://www.bls.gov/eag/eag.nv\\_carsoncity\\_msa.htm](http://www.bls.gov/eag/eag.nv_carsoncity_msa.htm)). The job metrics will be calculated using the standard economic development definitions for direct, indirect and induced jobs as used by the State of Nevada. The source for estimated economic impact of job changes will be economic models as developed by Applied Economics, Inc.

## Attachment #1

### Update: Manufacturers Interviews

December 17, 2015

Manufacturers Interviews:

**STATISTICS:**

- 283 Manufacturers Listed
- 117 Identified as not a Manufacturer
- 120 Manufacturers Identified
  - 55 Declined Participation
  - 10 Moved out of Carson City
  - 36 Closed Business
- 65 Manufacturers Interviewed
- 65 Would like to see the published results of the Interviews
- 13 Expansion Opportunities
- 118 Assistance Opportunities
  - 10 Financial
  - 50 Workforce
  - 44 Higher Education/Vocational Training/Technical Training
  - 1 Foreign Trade Zone
  - 2 Interested in selling their business

As stated in the first report, most of these manufacturers can be anywhere in the world, yet they call Carson City home. They are very responsible about their decisions and proud of their companies. They would like to see some changes to the aesthetics and infrastructure of the area to compete with other States as well as Reno. However, the biggest concern is the workforce issues, i.e., the lack of skilled, experienced workforce, lack of basic work life skills, the aging skilled workforce, and the inability to expand due to the lack of workforce. Their second biggest concern is lack of high speed internet access out in the Airport Business Park all the way to the river on Deer Run Road.

**TRENDS:**

- 1) Workforce:
  - 50 Manufacturers expressed major concerns of the area lacking workforce and lacking a skilled workforce.
  - a) Most manufacturers interviewed thus far are concerned about their current CNC Programmers are aging and looking to retire in the next few years. There is no one trained or experienced to replace the current CNC Programmers.
  - b) Valerie Meléndez, NNDA, has approached William Quenga of Silver State Industries about training the inmates in the Prison Industries Work Program as apprentices and working with the local manufacturers to help alleviate the immediate lack of workforce.

Mr. Quenga and Valerie discussed meeting with the local manufacturers to identify their exact needs for apprenticeships since it takes a few years to train a CNC Programmer, CNC Operators and Machine Set Up. Maybe some of these manufacturers would be willing to train these men themselves (captive audience). Mr. Quenga has these men from 1-4 years in the Prison Industries Work Force Program to train them, and can start an apprenticeship program. This program can train the inmate so that he can come out as an apprentice and able to start working as a CNC Programmer. This could be a win/win situation for everyone. The inmate has a job waiting for them, he becomes a productive member of society immediately, he can support his families with a decent salary and payback any restitution to his victim if there is any. The benefit to the manufacturer is the manufacturer has a CNC Programmer. Their business can grow or maintain current production. This opportunity is still in the early discussion stage.

2) Education:

44 Manufacturers stated the need for Vocational Training. 32 Manufacturers specifically requested Vocational Training for CNC Programmers. WNC is striving to better market the Technical Training Program to the manufacturers, High School Students and parents.

3) Infrastructure:

a) 48 manufacturers expressed their dissatisfaction with their lack of High Speed Internet Access for a business/industrial park. A few have stated that if they relocated business even to Douglas or Washoe County, their industrial parks have the infrastructure they need in place already.

b) 28 manufacturers stated dissatisfaction with the roads north and south of Arrowhead. The roads are disintegrating and the traffic flow from 3:30-4:30 PM is backed up.

c) 8 manufacturers stated they have flooding/erosion issues due to poor drainage even after the smallest of storms. The silt clogs the drains.

4) Governmental/Legislation:

34 of the manufacturers stated that they feel they pay enough taxes and license fees already. Many stated interest in expanding their business but are waiting to see what the legislature will pass as far as business taxes. Many of these businesses don't understand the bill correctly. NNDA has written an explanation of the bill that passed. I have given to each of the manufacturers that stated they wanted to read the explanation of the bill.

5) Expansion:

13 manufacturers stated interest in expanding locally, domestically and abroad.

6) Obsolete Equipment:

a) Aztec Manufacturing would like to sell his CNC machines and lathes. I referred one manufacturer to him.

7) Capital Needs:

10 manufacturers stated interest in business loans through alternative lenders. Referred to Danny Campos for the NNDA Banking and Finance Committee.

8) Foreign Investment:

Many of the manufacturers do not sell their product(s) here in Nevada. They sell and distribute world-wide.

10) Many of these manufacturers have expressed they "feel isolated out in the Arrowhead area and just the lack of upkeep and neglect of the area is visual proof."

**SUMMARY:**

As stated in my first report, most of the manufacturers are basically satisfied with Carson City's business environment. They understand the need for taxes and don't mind paying the ones they have now. They just want to run their businesses and ask for no more tax increases. Of the 65 manufacturers interviewed thus far, they are in Carson City because they love the area and are close enough to California without being in California. Many have stated that they "left California to flee California's hostile business environment."

On a heavier note, the Manufacturers that have been here 20+ years have stated that they were promised many things to relocate to Carson City, i.e., signage, sidewalks, curbs, lighting, paved roads. According to several of the manufacturers interviewed, to date, none of these offers have come to fruition. Several of the Manufacturers are aware of the Governor's Tax Incentive Programs, but "choose to not participate because they do not want to be beholding to anyone."

**End Report.**

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