

**Nevada Commission on Economic Development
Yearend Report: Fiscal 2010**

Highlights

- *The Nevada Commission on Economic Development helped to sustain, retain and create more than 15,909 jobs for Nevadans.*
- *Nevada gained \$109.8 million in new capital investment through business incentive applications submitted to the Commission.*
- *Procurement Outreach clients reported secured government contracts for products and services with a total new sales value of nearly \$604.4 million.*
- *Global Business Development activity included foreign trade shows, trade missions and inbound buying mission all of which contribute to \$327 million in increased exports and the creation of nearly 2,500 jobs.*
- *Foreign direct investment (FDI) in Nevada grew significantly with the Chinese announcing a \$344 million investment the state's renewable energy sector.*
- *The Community Development Block Grant program infused \$4.5 million into rural Nevada for infrastructure and capacity building—resulting in 102 local contracts for engineering and construction contractors with a total value of \$3.1 million.*
- *Since the Nevada Film Office was established in 1982 over \$1,913,010,000 in revenue has been generated from Film & Media Production. In FY 2010, the NFO facilitated more than 350 productions which resulted in over \$81 million in revenue.*

In Brief

The Nevada Commission on Economic Development's programs create conditions for businesses to succeed and the economy to grow. Collectively, the Commission's business and community development efforts conservatively resulted in \$1.47 billion of new money being infused into Nevada's economy.

Job creation is a by-product of successful economic activity. The Commission's programs helped to sustain and create 15,909 jobs for Nevadans. Business Development provided assistance to 36 new and expanding companies, which collectively created 1,282 jobs. The government contracts secured by Procurement Outreach clients retained and created 12,022 jobs. Nevada companies participating export programs helped to sustain or create 105 jobs.

Despite economic challenges, 17 new and expanding companies, which represented 18 development projects, appeared before the Commission. The reported investment in Nevada by the companies is \$109.8 million which resulted in the creation of 936 new jobs. Nevada's economy will benefit from the \$38.3 million in wages generated by these jobs each year for a minimum of five years.

The Business Development Division's active participation in targeted industry trade shows forums and expos has generated 340 leads into the pipeline including A Power. In late 2010, the company announced a wind turbine manufacturing project in the state of Nevada that will create 400 permanent jobs with trailing industry creating another estimated 400 jobs. NCED anticipates that 15 percent of the companies in the pipeline will make expansion and relocation decisions in the third and fourth quarters of fiscal year 2011. Those 50 companies represent \$622 million in new capital investment and 3,831 jobs for Nevada.

For FY2010, Procurement Outreach Program (POP) clients reported a total of 2,211 contracts and subcontracts with government entities or prime contractors. The total value of all contracts during the reporting period was \$604,438,570 creating or retaining 12,022 jobs at an approximate wage of \$24 per hour.

Although the number of clients counseled is not a performance measure, the Procurement Outreach Program saw an increase of 202 new clients during FY2010 (200 new clients were added during FY2009; that's 3 - 4 new businesses every week for the last two FY).

At the end of FY2010, POP was serving 1,081 businesses. Nevada businesses continue to respond to the economic downturn by seeking government contracts and it is the commission's job to provide technical assistance to help them be successful.

One business, Reno-based Summit Engineering, credits POP with helping them in mid- and late-2009 to win their two biggest contracts in the company's history. The company landed two federal IDIQ contracts (indefinite delivery/indefinite quantity) and a referral to large scale national contractor.

Company representative, Ben Veach, wrote that the national contractor has kept "our crews busy for months and were so impressed they now have us in Colorado." The company's contract signed in late-2009 with the U.S. Forestry Service has provided work since December, and has "authorized a large task order that will carry us through next year."

Mr. Veach's closing paragraph says it all, "Again, I can't thank you enough for your help early on with getting involved our firm into federal contracting. Truly, without your help and some internal pushing, the future of this company would be in jeopardy. As it stands now, these may be our largest contracts in our 30-year history. Remember, we only have offices in Nevada."

Due to the worldwide recession that started in the second half of 2008 which affected exports globally, Nevada's exports decreased by \$445 million when comparing it to the previous fiscal year—the first yearly decrease in Nevada's exports since 2002. Using the Department of Commerce (DOC) statistics, this also contributed to a related loss of 3,397 jobs in Nevada.

However, in the second half of the fiscal year our exports started to rally significantly. Exports for the January-June, 2010 period, were up by 2.18%. However, this included the very volatile precious metals market for which our gold exporters have little control due to world demand and pricing. Nevada's exports of all other commodities for the same period we find that exports increased 24 percent, resulting in \$327 million in new income to the state's economy. This equates to an increase in jobs of 2,496 using the Dept. of Commerce projections over the same period last year.

The state's top 5 export markets were: Switzerland, Canada, China, Mexico and Hong Kong with all markets except Switzerland showing increases. The export growth ranged from 6.4% for Canada to 91.8% for Mainland China.

During FY 2010 Nevada's permanent and Honorary Consular Corps grew to 23 countries with new Honorary Consuls added for Switzerland, Brazil and an Honorary Consul for El Salvador as an addition to the Permanent Consul General for El Salvador.

During the Fiscal Year also we added new International Representatives in China-Shanghai, Brazil and Germany that help with the two-way trade and investment flow between their country and Nevada.

Looking at the Foreign Direct Investment (FDI) coming into Nevada announced during the fiscal year, 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 Las Vegas-based 340,000-square-foot manufacturing facility will employ 1,000 people at an initial investment of \$344 million.

Initiated in fiscal year 2010, but still in negotiation, are two significant Chinese investment projects in the mining sector, one in iron-ore that could exceed \$500 million and create over 300 new highly paid mining jobs over a 30 year period and another in gold mining that would be approximately a \$400 million investment. Both of these are in rural Nevada counties that have relatively high unemployment.

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 early July 2009, forty (40) new grants were awarded to 21 local governments totaling \$3,831,187. This funding came from regular CDBG funds and \$740,431 of American Recovery and Reinvestment Act (ARRA) funds. The projects included public facilities, public service initiatives, planning, housing rehabilitation, business counseling and the acquisition of real property.

During the third and fourth quarters of the fiscal year, CDBG received and processed 27 funding requests for 2010 funding from 24 local communities totaling \$3,635,307.

The peer-based CDBG Advisory Committee allocated 2010 federal funding to a further 23 projects valued at \$2,720,891. In addition, \$175,000 was set aside to recapitalize the revolving loan fund to assist small businesses in rural Nevada.

Fiscal year 2010 saw many small accomplishments which, in aggregate, add up to considerable impact in communities throughout rural Nevada. The business counseling activities impacted 78 entrepreneurs/small businesses, community assessments resulted in communities adopting scenario planning as opposed to conventional strategic planning, and one of most striking public works projects was the completion of the Caliente Fire House. The project was started in 2007 with a CDBG grant of \$220,000. This funding was used for site preparation and to buy and erect the modular building. A second grant for \$150,000 was awarded to Caliente in 2009 for interior work and the project was completed this year using extensive volunteer time and materials from the local community.

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 80-to-1 ratio for revenues versus dollars allotted. For the past eleven years the NFO has averaged over \$80,000,000 in annual production revenue.

In 2010, the NFO assisted over 350 productions in Nevada on the big and small screens which have had a positive impact on the economy as well as tourism including the hit film *The Other Guys*, featuring Mark Walberg and Will Ferrell, *Percy Jackson & the Olympians: The Lightning Thief* and Sofia Coppola's award winning film *Somewhere*. Other notable Nevada productions over the past fiscal year include top rated television shows such as *CSI*, *The Defenders*, *Wheel of Fortune*, *So You Think You Can Dance*, *The Today Show*, *The 45th Annual Academy of Country Music Awards*, *The Tonight Show with Jay Leno*, *Let's Make a Deal*, *Miss America* and cable hits such as the History Channel's *Pawn Stars* and *Man vs. Wild*.

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

The NFO's website allows filmmakers and producers 24/7 access to thousands of unique locations and averages 5,000 visits per month from around the world including visitors from Germany, the United Kingdom, Mexico, the Netherlands, Scotland and Japan.