

"ELECTRIFYING NEW GROWTH: WHAT DOES THIS MEAN?"

Presented to the :

Presented at the:

EDAWN Major Investor &
Board Member
Exclusive Luncheon

April 23, 2015

Presented by:

RCG
ECONOMICS



Why EDAWN?

Mike Kazmierski, President and CEO

April 23, 2015

What Does EDAWN Do?

Effective Economic Development Program

- **Attracts**
- **Retains / Expand**
- **Grows**

Quality Jobs!



EDAWN's Focus

“Primary” or “Base” Jobs!

Majority Of Customers Outside The Region

External Customers Add Wealth To Community

1. Tax Dollars & Wages Of Employees
2. Investments Of Building / Equipment
3. Generates Additional Jobs + Multiplier Effect
4. Quality Jobs (\$20.00 Per Hr + Benefits)
5. 90% + Of Jobs Filled By Existing Residents

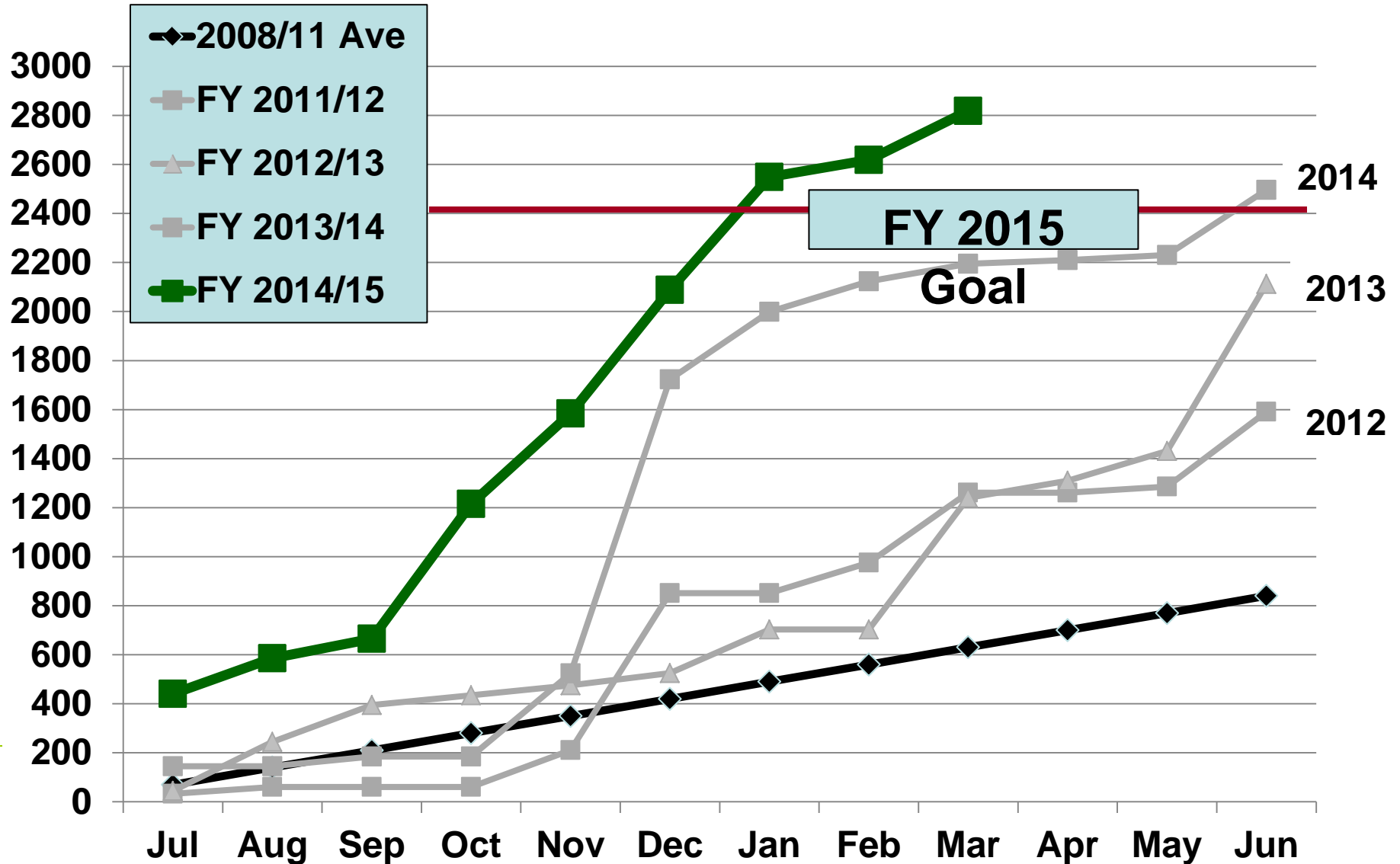
Three Legs Of Economic Development

Attraction

**Retention /
Expansion**

**Entrepreneurial
/ Startup Growth**

Jobs Announced – Ahead Of Goal



2014 Assisted Projects

| Industry | Company | Jobs | From | HQ |
|---------------|-------------------------|------|------|-----|
| Manufacturing | Advanced Refining | 12 | NV | |
| Distribution | Anixter | 8 | NV | |
| Manufacturing | Ashima Devices | 100 | CA | Yes |
| Manufacturing | Beaverfit USA | 25 | UK | Yes |
| Manufacturing | Cenntro Automotive | 300 | NJ | Yes |
| Service | Clear Capital | 400 | CA | Yes |
| Manufacturing | Cuco, LLC | 15 | CA | Yes |
| Service | CustomInk | 261 | NV | |
| Manufacturing | Eaton's B-Line Business | 49 | NV | |
| Manufacturing | Flirtey | 4 | AUS | Yes |
| Manufacturing | Fulcrum Sierra Biofuels | 30 | CA | |
| Service | Gensano | 2 | NV | |

2014 Assisted Projects

| Industry | Company | Jobs | From | HQ |
|---------------|--------------------------------|------|------|-----|
| Service | Ghost Systems | 150 | NV | Yes |
| Manufacturing | Harris Welding Supply | 50 | CA | |
| Distribution | Independent Salon Services | 10 | CA | Yes |
| Manufacturing | James Hardie Building Products | 9 | NV | |
| Distribution | Orest Express | 30 | IL | |
| Distribution | Petco | 150 | CA | |
| Manufacturing | Real Spirit | 50 | CA | Yes |
| Manufacturing | Rubber Enterprises | 21 | NV | Yes |
| Manufacturing | Stitch N Print | 40 | GA | |
| Manufacturing | Tecno Displays | 30 | CA | Yes |
| Manufacturing | Tesla (Year One) | 700 | CA | |

2014 Assisted Projects

| Industry | Company | Jobs | From | HQ |
|--------------------|------------------------------|--------------|------|-----------|
| Service | Whisper Jet | 18 | CA | |
| Distribution | Chewy | 120 | FL | |
| Service | White Rabbit | 25 | CA | Yes |
| Distribution | zulily | 1,000 | NV | |
| Manufacturing | Clean Tech | 30 | CA | |
| Manufacturer | Hose Master | 30 | OH | |
| Manufacturing | Hubert | 25 | OH | |
| Manufacturing | Mechman Alternators | 15 | TN | |
| Manufacturing | Nutrient Foods | 300 | NJ | Yes |
| Distribution | Turn 14 | 20 | PA | |
| Manufacturing | Weaver Popcorn | 60 | IN | |
| Totals = 34 | 27 New / 7 Expansions | 4,119 | | 13 |

Hot Prospects! (Very Likely)

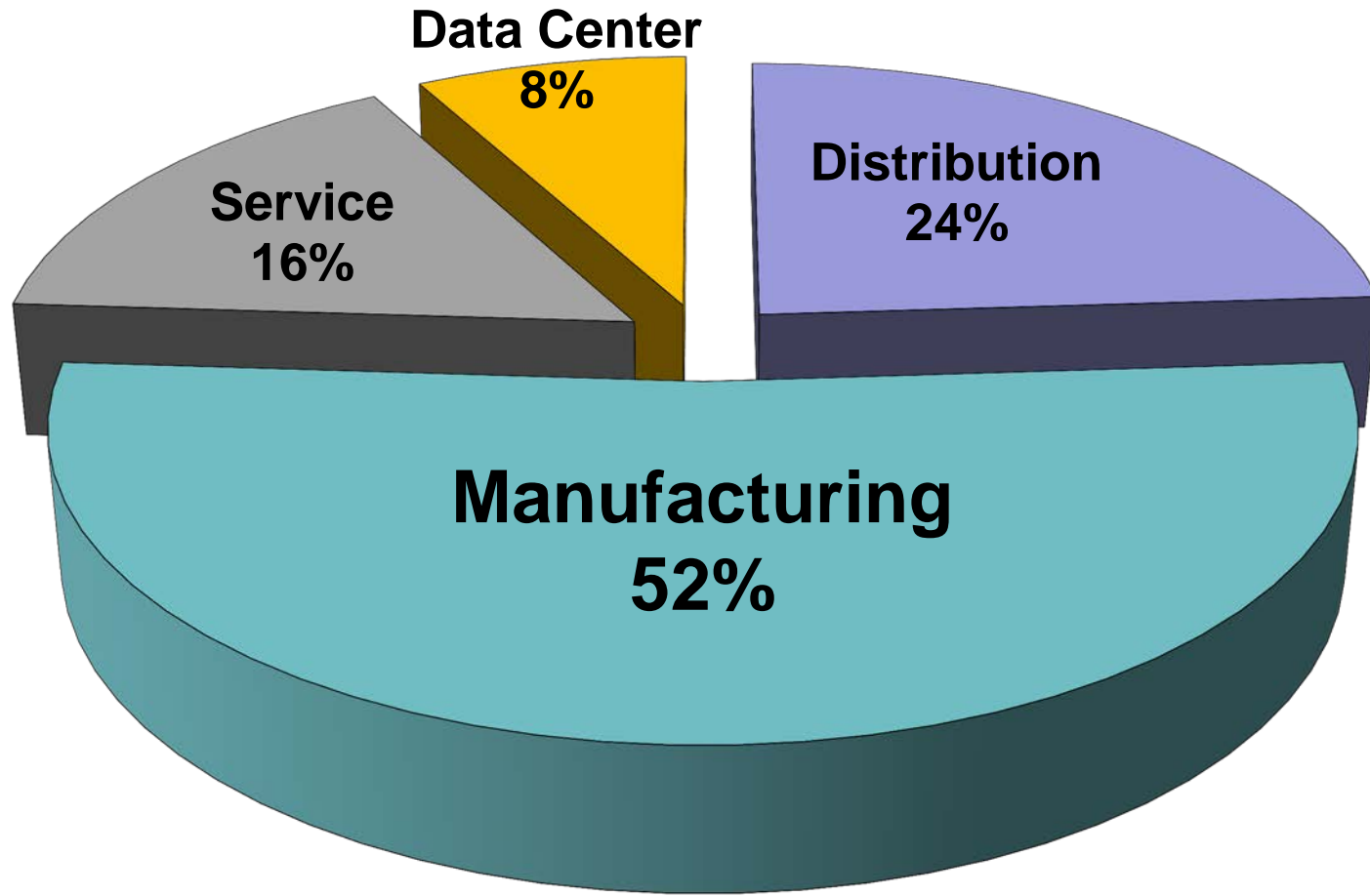
| Industry | Job Count | HQ | Confidence | Relocation State |
|----------------------|--------------|----------|----------------------|------------------|
| Manufacturing | 100 | | Very Likely | TAIWAN |
| Service | 200 | | May 13 th | CA |
| Manufacturing | 100 | X | Announced | WA |
| Distribution | 80 | | Very Likely | FL |
| Manufacturing | 100 | | Very Likely | CA |
| Distribution | 50 | | Very Likely | UT |
| Manufacturing | 50 | | Very Likely | OH |
| Service | 100 | X | Very Likely | CA |
| Distribution | 50 | | Very Likely | NV |
| Distribution | 100 | | Very likely | MN |
| Service | 300 | | Very likely | NY |
| Total | 1,230 | 2 | | |

Very Likely Means They Have Indicated They Have Selected Us Or Are In The Process Of Acquiring Real Estate

Hot Prospects! (Probable)

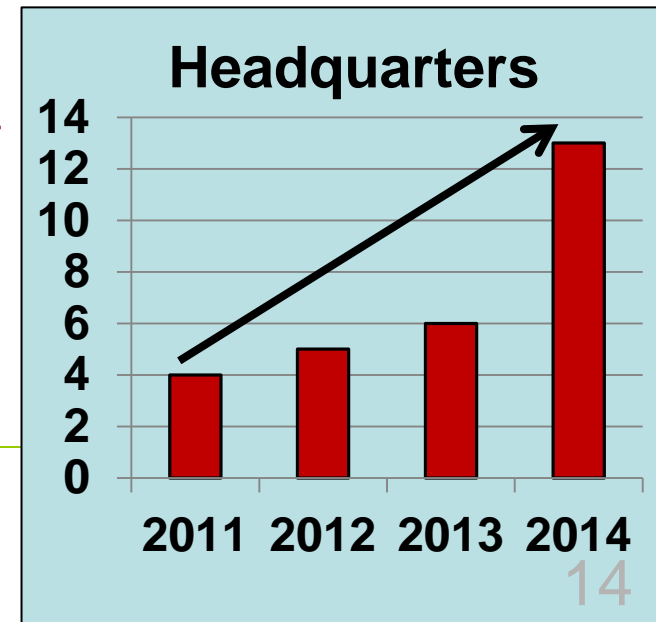
| Industry | Job Count | HQ | Confidence | Relocation State |
|---------------|---------------|----|------------|------------------|
| Service | 500 | | Finalist | OH |
| Manufacturing | 1,000 | | Top Two | IL |
| Distribution | 800 | | Top Two | PA |
| Manufacturing | 2,800 | | Finalist | PA / VA |
| Data Center | 80 | | Finalist | TX |
| Manufacturing | 500 | | Finalist | NJ |
| Manufacturing | 700 | | Finalist | SC |
| Manufacturing | 4,000 | | New | IL |
| Manufacturing | 200 | | New | IN |
| Total | 10,580 | | | |

Types Of Companies Relocated FY2014



Corporate Headquarters!

- Jobs Are **Quality Jobs**: Higher Average Wage
- Help To **Positively Brand** Our Region: Meetings, Clients, & **Identify Reno- Sparks** As Their Home
- HQs Bring **Corporate Philanthropy** And Engagement: They Get Involved To Make Community Even Better
- HQs Bring **More Economic Impact**
Growth **Likely To Occur Here** &
May **Encourage Others** Like Their
Suppliers To Operate Or Relocate
Here



Tesla: Wow!



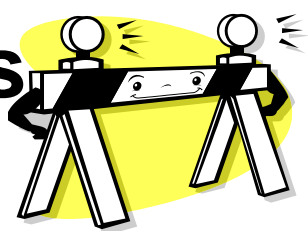


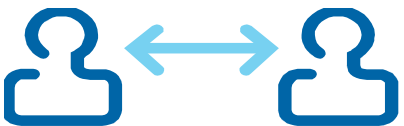


The Largest Deal In The U.S. In 2014 - Changes Our Brand Overnight!




More Than Jobs: Puts Us on The Radar For: Manufacturing, Business, Entrepreneurs, Creative Class, Research & Development, Investors . .

Components to BR&E Program

- **Connect** With Resources & Each Other 
- **Grow Jobs/Revenue/Visibility** 
- **Fix Problems/Eliminate Roadblocks** 
- **Retain/Recognize** 
- **Support** 
- **Think Local** 

Retention Results / Initiatives

- **Company Visits – 184**
 - **Growing 84**
 - **Future Growth 68**
 - **Flat 29**
 - **Declining 3**

83% Growing
- **Seven Assisted Expansions = 1,340 New Jobs**
- **Business To Business Connections Made = 36**
- **Two Industry Sector Councils**
- **53 Companies In Existing Industry Awards**
- **Issues Addressed = 25**

Major Concerns

- Availability Of **Specialized Workforce Resources**
 - Machinists, Engineers, Industrial Mechanics,
 - Construction Trades, CDL Drivers,
 - Software Developers
 - Senior Management-Multiple Areas
- **Employee Retention** And Prospective Wage Increases Due To Increased Employee Demand
- **Noise Concerns** For Advanced Manufacturers
- **Speed / Support Of Government**
- **STEM Education, CTE, National Career Readiness**

Entrepreneurial Development Strategy



- **Communicate:** Highlight Reno's Strengths As A Place For "Entrepreneurs With A Life"



- **Catalyze:** Engage Entrepreneurs To Lead Programs & Community Initiatives



- **Connect:** Facilitate The Connection Between Organizations, Entrepreneurs And Resources (Funding, Mentorship, Customers)



- **Showcase:** Highlight Our Startups & Entrepreneurs To Bring Visibility, Encouragement & Community Support

Entrepreneurial Development **Success!**

Entrepreneur.com on NBCNews.com

3 Alternative Tech Startup Cities

Three Western locales previously considered vacation destinations are now alternatives to Silicon Valley.....



8 Of The 14 Best Startup Cities in America
...the next wave of cities building an ecosystem to turn innovators into entrepreneurs
Popular Mechanics



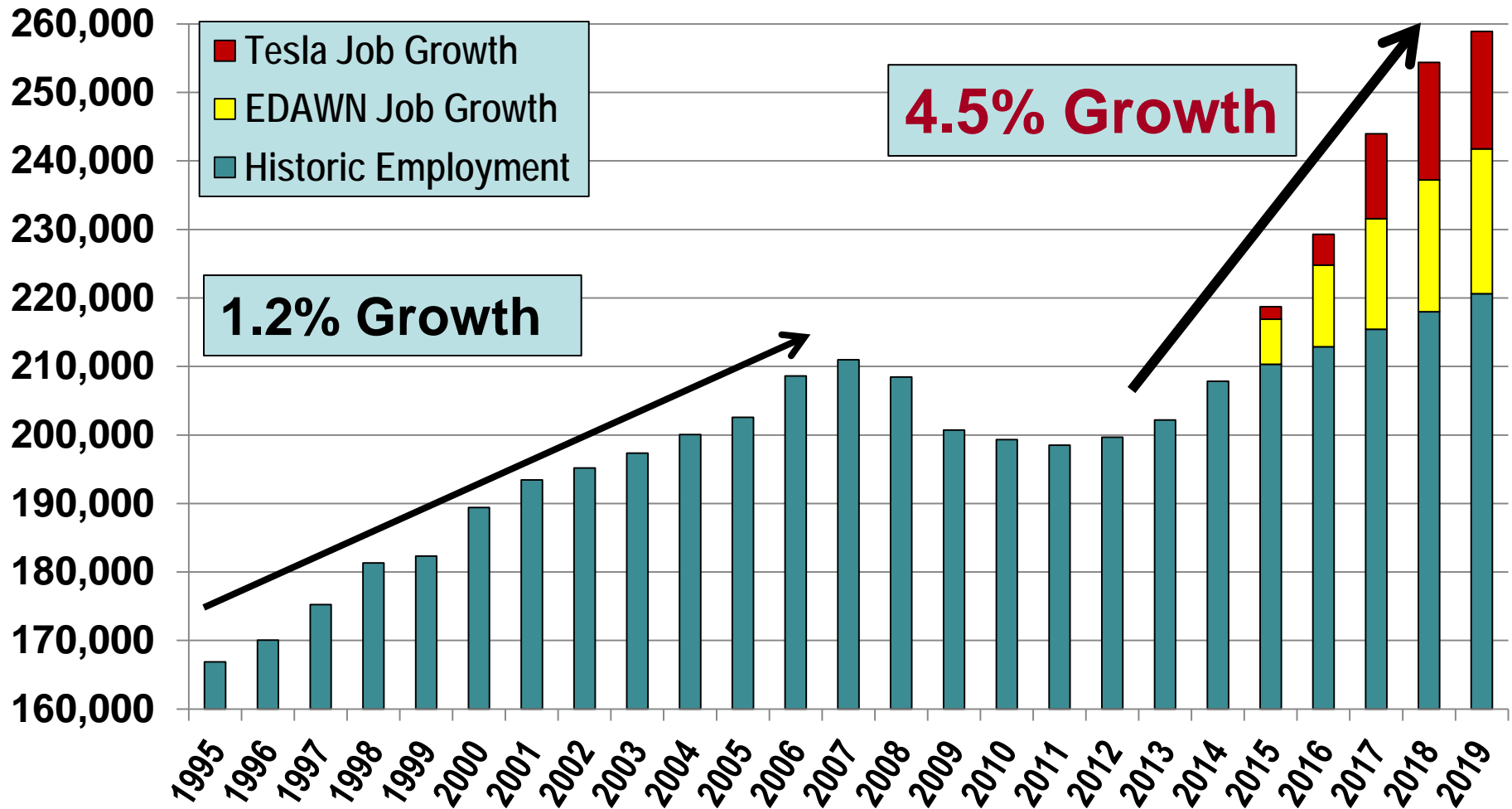
EDAWN “Product Improvement”

- Promoting A Vision For A **Knowledge-Based Economy** **Embracing UNR** As The Economic Engine Of Our Future
- Attract Business / Employers To **Downtown**
- Working With Partners To Establish “A Place” For Entrepreneurs Downtown
- Work With Partners On Air Service
- Promote A Business And Quality Of Life Message **To improve Our Image / Brand**

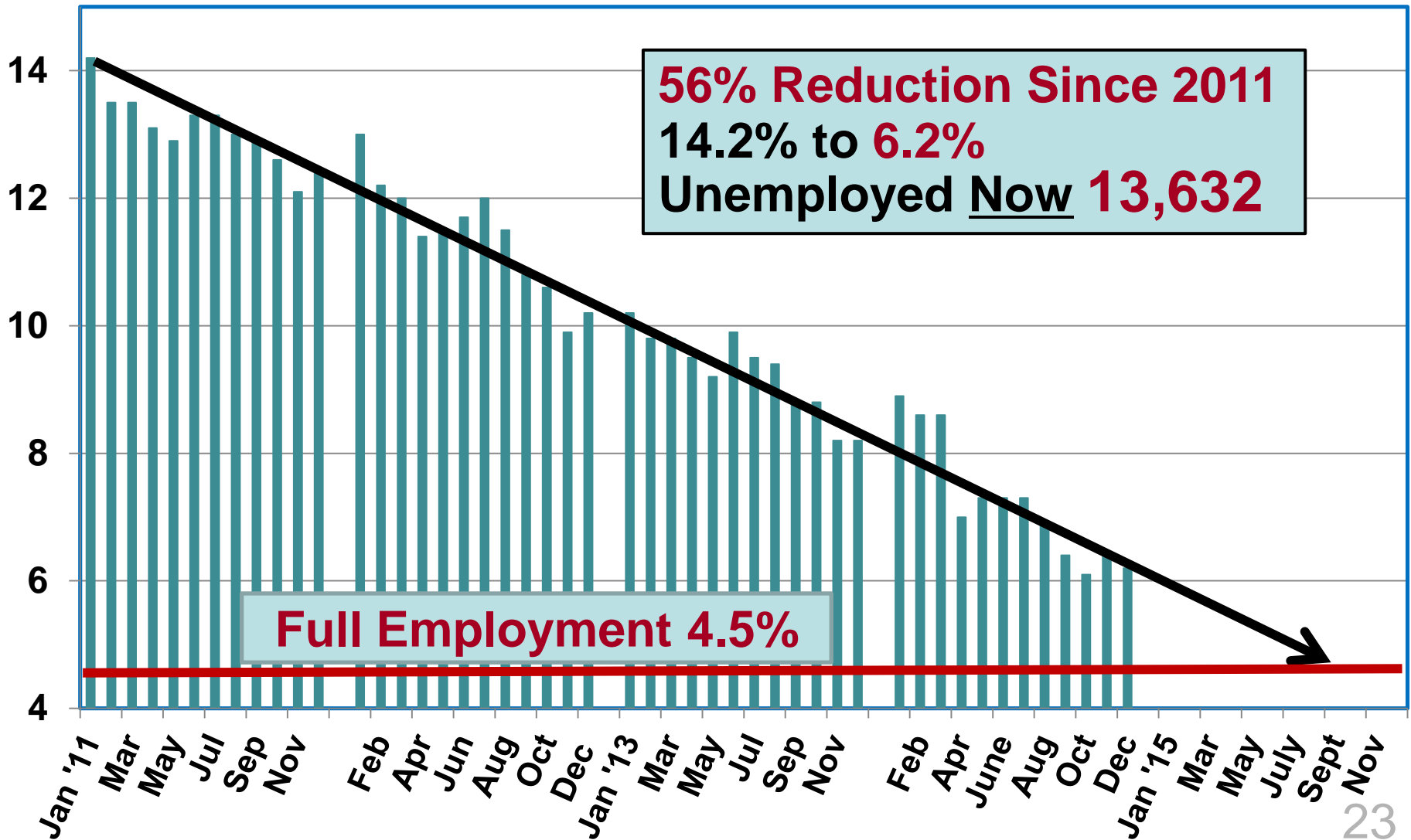


University of Nevada, Reno

Explosive Growth Is Coming!



Unemployment Rate **Improving- But!**



Updated Economic Development Stool

Workforce Development

Attraction

Retention /
Expansion

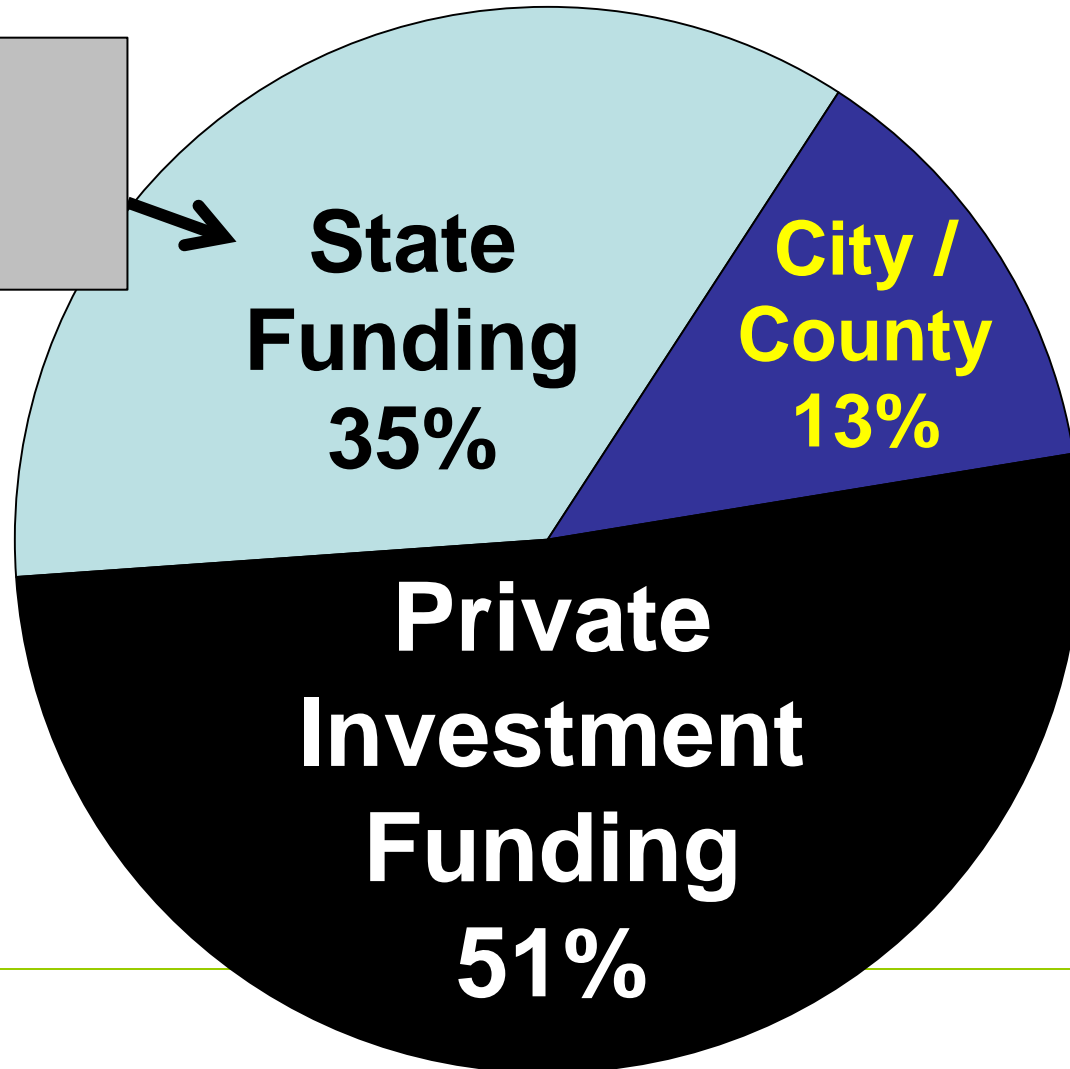
**Community
Development**

Entrepreneurial
/ Startup Growth

Public vs Private Investment Support

60% in 2012
50% in 2013
35% in 2014

**FY 2014
EDAWN
Funding
Support**



EDAWN's Return On Investment

Five Year ROI: 300 to 1

\$1 Economic Development Investment

=

\$300 In The Northern Nevada Economy

(\$10 M In EDAWN's 5 year Budget = \$3B In Economic Impact)

EDAWN Investment Levels

Major Investment Levels:

- Platinum Investor - \$50,000 – Immediate Board Seat
- Presidential Gold Investor - \$25,000
- Gold Investor - \$12,500

“Major Investor” Consideration

- Priority Seating At EDAWN Events
- Invites to Prospect Dinners / Visits
- Reduced Prices At Events
- EDAWN Updates / Correspondence

● **Referred** To Prospects When Possible

Regional Public / Private Partners

| | | |
|--|--------------------|---|
| City of Reno | UNR | State Offices |
| City of Sparks | TMCC | Nevada JobConnect |
| City of Fernley | DRI | Nevadaworks |
| Washoe County | The Chamber | NNDA |
| Storey County | WNDD | NV Energy |
| Washoe County School District | NCET | Reno-Tahoe Airport Authority |
| GOED | RTC | Renegades |
| DETR | RSCVA | Many Others ! |

Questions?

EXPAND YOUR BUSINESS

ENJOY YOUR LIFE

**Reno/Sparks is home to
Fortune 500 companies,
like Amazon and Apple.**

*And hosts over 500 art events during
the month-long Artown celebration.*

Need more reasons to expand here?

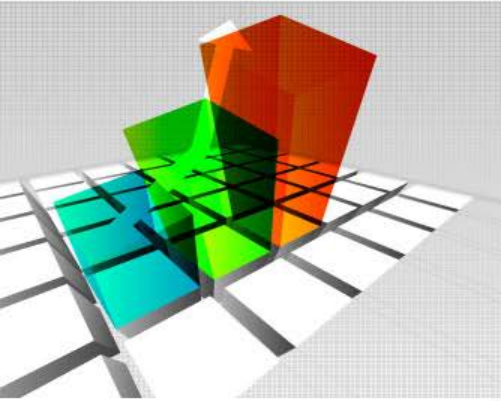
Call 800-256-9761 or visit ExpandEnjoy.com



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PART 2: THE NEW NORTHERN NEVADA ECONOMY

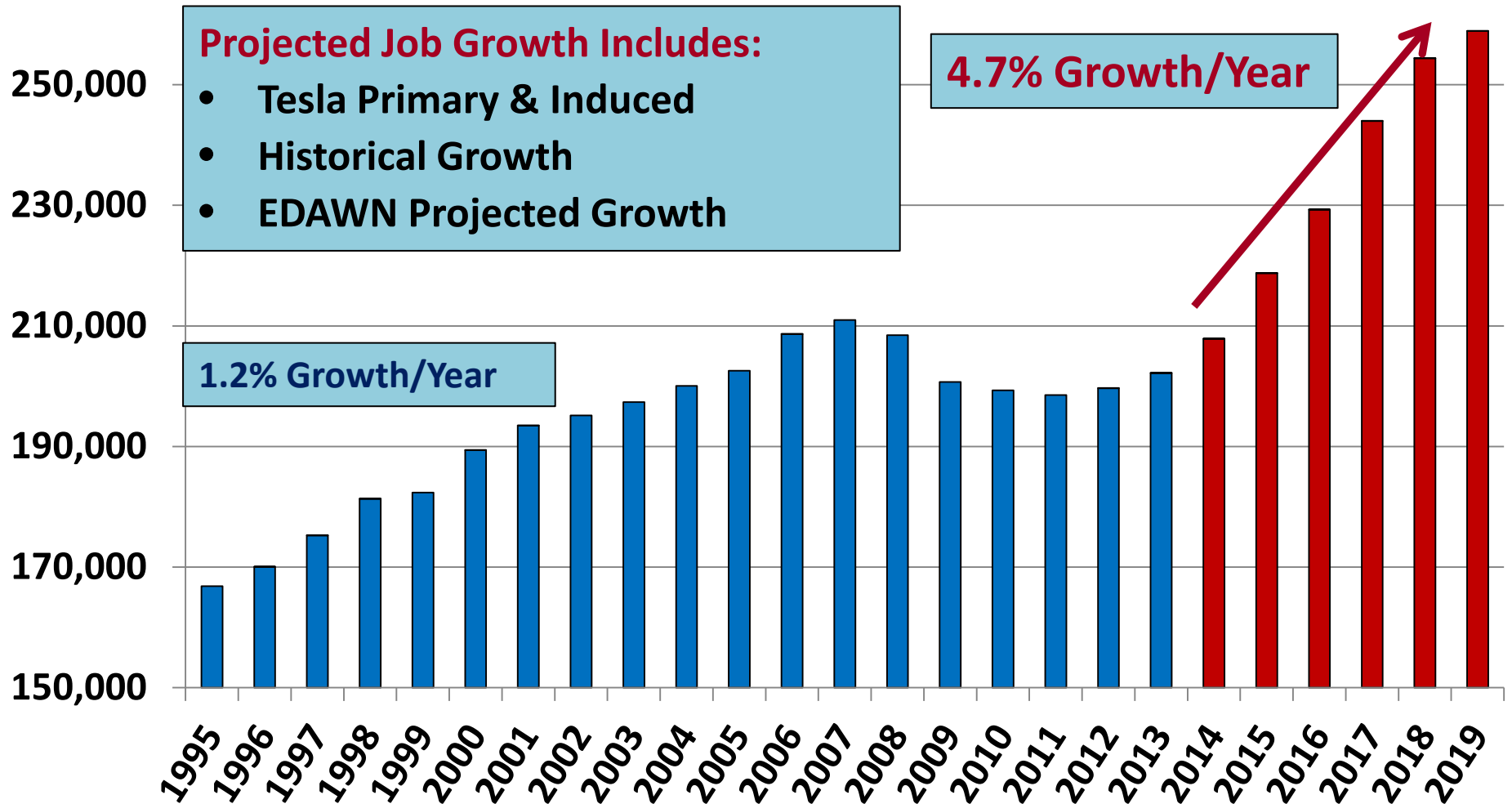


Background

- **Unprecedented Growth Is Projected** For The Region: Tesla/Switch & Nearly 100 Other Announcements
- **What Are The Impacts** Of This Growth On: Housing, Transportation, Workforce, Public Service Etc.?
- Multiple Planning Organizations Were Providing **Varying Projections** On Job & Population Growth
- **Oct '14 EPIC Formed To Initiate** The Coordination Of (Public / Non-profit / Private) Agencies To Develop A Single Consensus Report – RCG Was Commissioned
- EPIC **Technical Committee** Met **Weekly** With RCG Economics To Gather Data & Provide Feedback

Significant Growth is Coming

Reno-Sparks MSA Projected Employment Growth: 2015-2019



Assumptions

- Detailed Assumptions Provided In The Report
- In Developing The Ranges For Job Growth **Conservative Numbers** Were Used
- **Job Growth**, In Addition To Tesla, Was Included Based On EDRAWN's Estimates
- Transportation Projects Projected To Be Completed In The Next 5 Years Were Considered
- **Study Area** Based On Area Around Tahoe Reno Industrial Center & Reno / Sparks / Carson City

EPIC Members

| Organizations | |
|---|--|
| City of Reno | Economic Development Authority of Western Nevada |
| City of Sparks | Truckee Meadows Regional Planning Agency |
| City of Fernley | Center of Regional Studies, UNR |
| Washoe County | Washoe Regional Transportation Commission |
| Storey County | NV Department of Employment, Training & Rehabilitation |
| University of Nevada, Reno | Truckee Meadows Community College |
| NV Energy | Truckee Meadows Water Authority |
| State Demographer | Northern Nevada Development Authority |
| Washoe County School District | Western Nevada Development District |
| Reno Tahoe Airport Authority | |
| RCG Economics, LLC | |
| Governor's Office of Economic Development | |

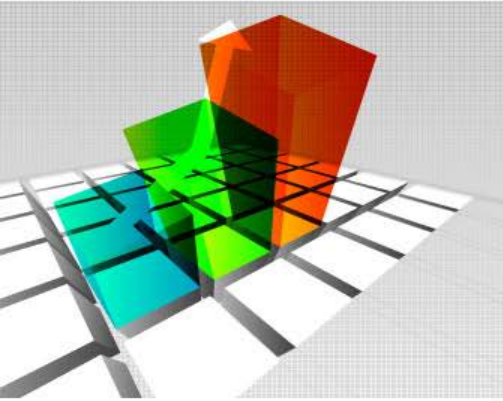
Scope of Work

- Address The Community Growth Impacts On:
 - Fiscal (Public Revenues)
 - Socio-Economic / Housing / Schools
 - Traffic
- Address 3 Scenarios High – Med - Low
- Address A 5-Year Period 2015-2019
- Provide Data On 5 Counties & 18 EPIC Zones
- Collate Data From State & Local Agencies Addressing Planning & Projections
- An Updated Report Is Projected in 18-24 Months

RCG Economics & John Restrepo

36 Years of Experience

- RCG economics is one of the most authoritative sources of **research & market trend analysis**
- They offer objective, independent strategic advice on **economics, demographics**, gaming, hospitality, real estate, & public policy issues
- Research based on urban & regional modeling & economic / demographic projections
- **RCG clients include:** Bank of Nevada, City of Las Vegas, Clark County, LVGEA, Wells Fargo, Washoe RTC, The Howard Hughes Corp., NDOT, UNLV, GOED



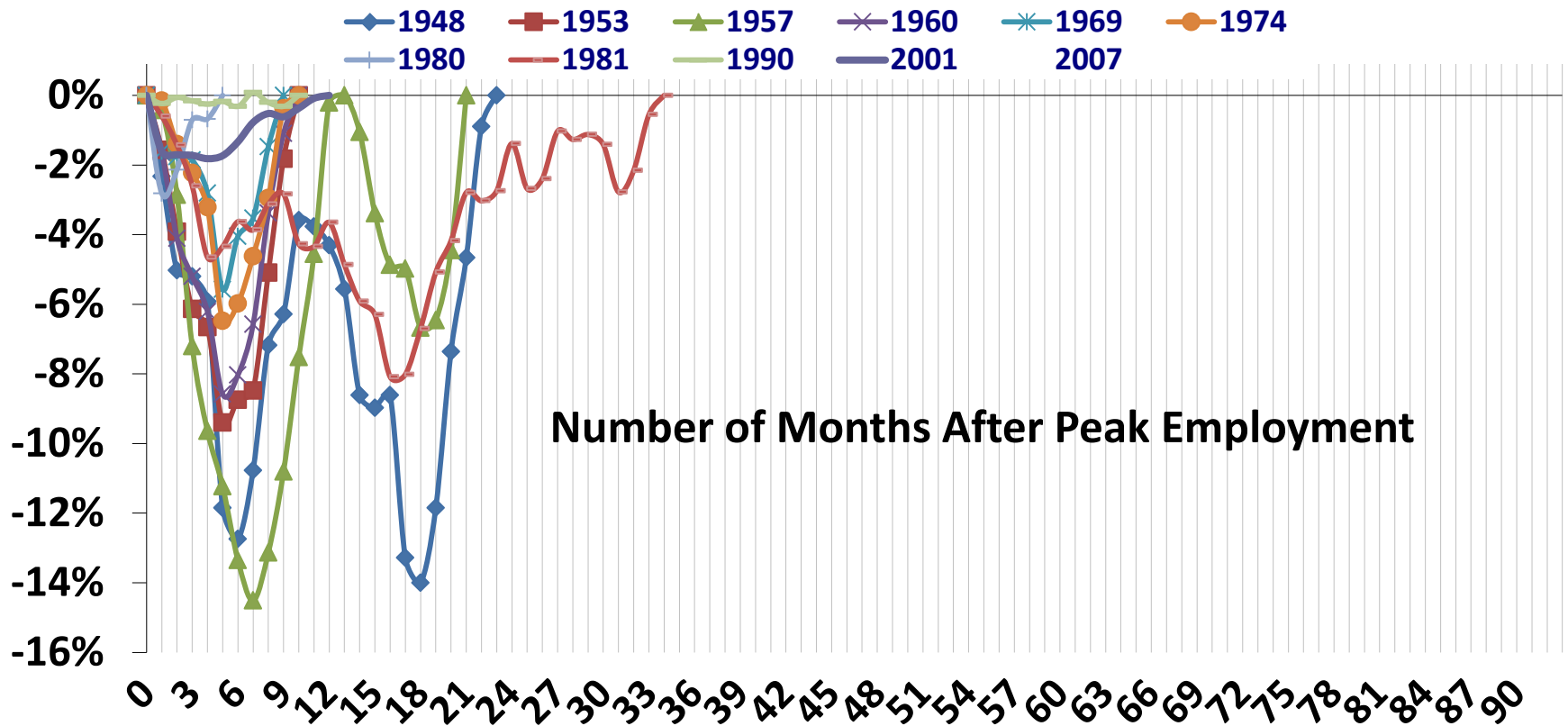
PART 3: THE NEVADA ECONOMIC REALITY



Nevada job recoveries pre-Great Recession

Nevada Recession Recoveries: 1948-2001

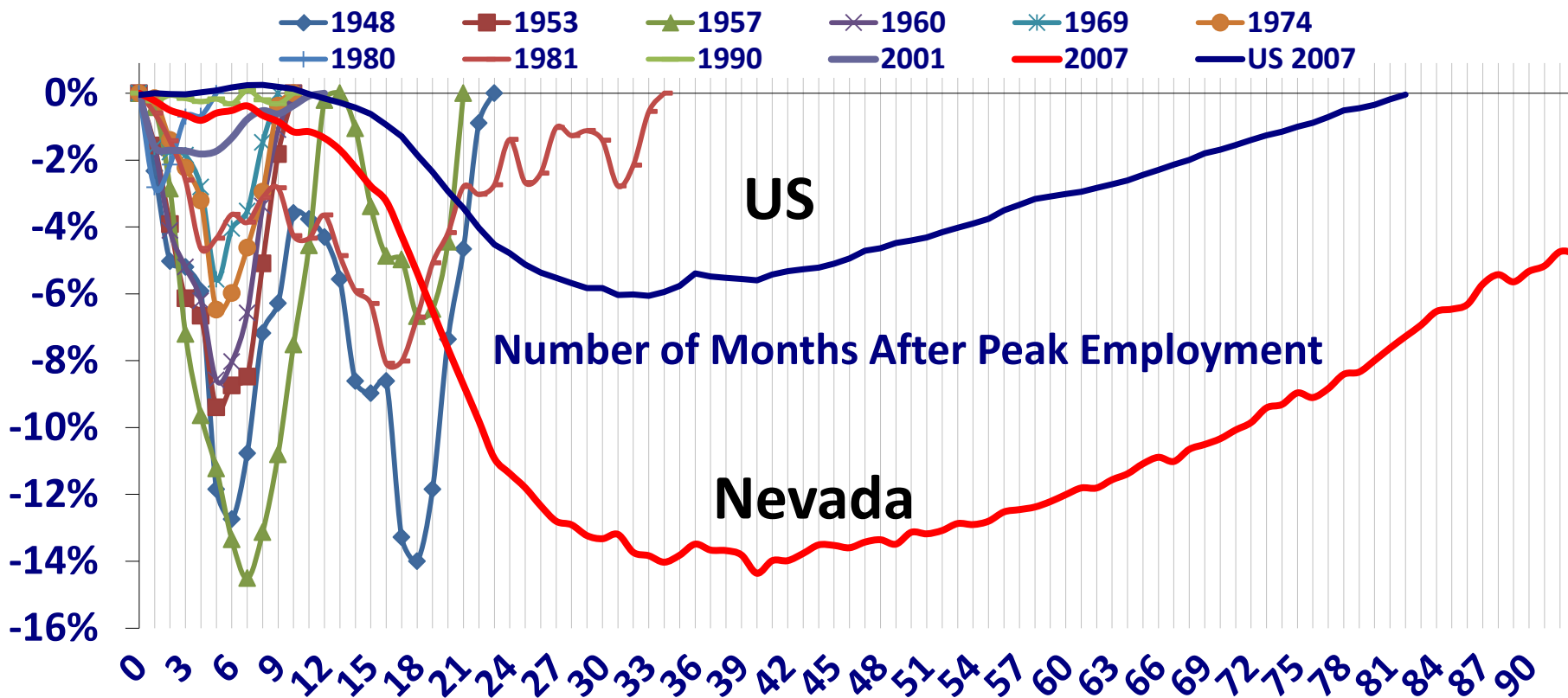
Comparison of Recession Job Growth Recoveries % Job Losses Relative to Peak Employment Month



Nevada job recovery from Great Recession (after 94 months)

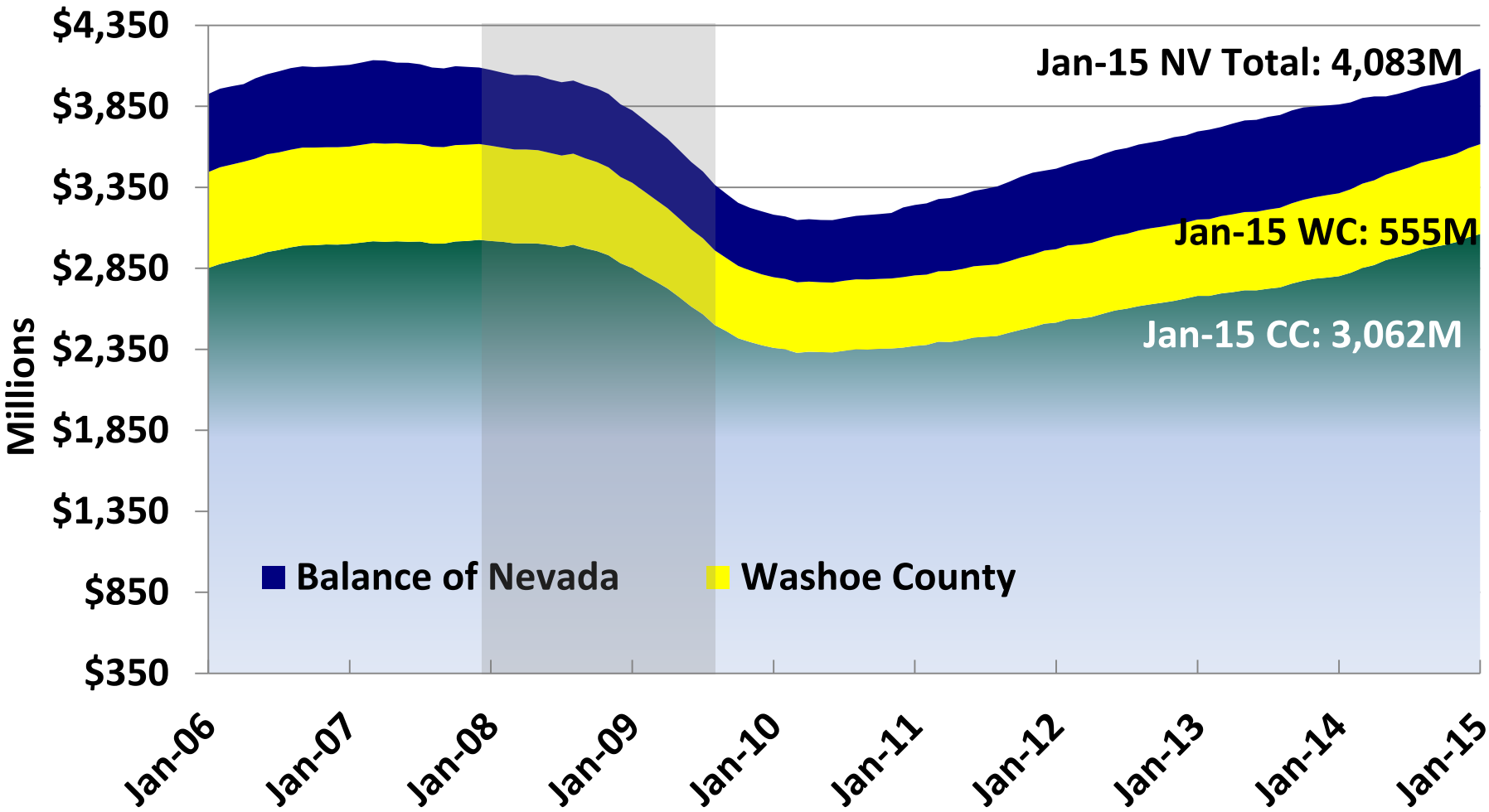
Nevada Recession Recoveries: 1948-Present

Comparison of Recession Job Growth Recoveries % Job Losses Relative to Peak Employment Month



State taxable sales near all-time high thanks to economic recovery & visitors

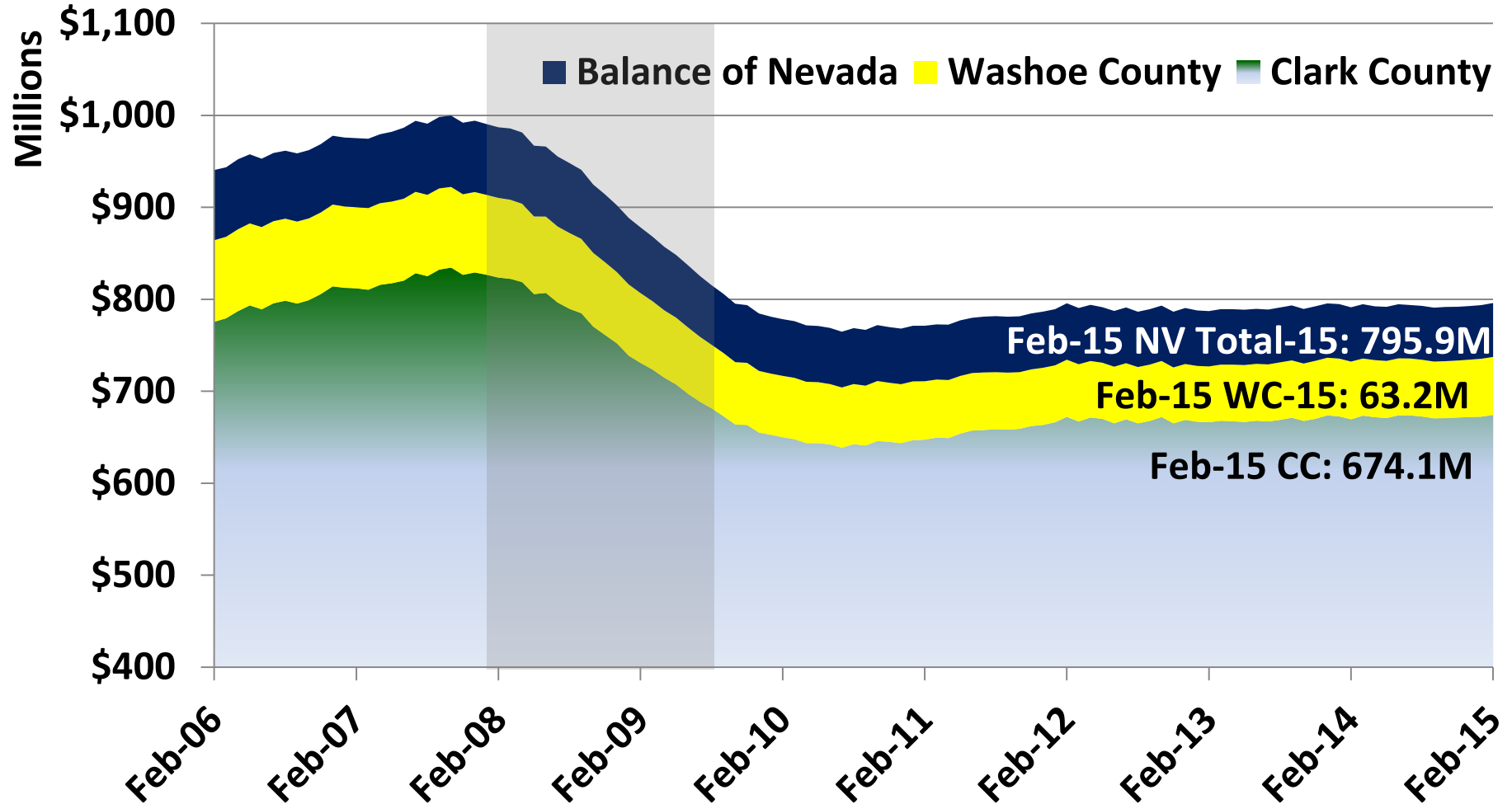
Nevada, Clark & Washoe Counties Taxable Retail Sales: Jan-06 to Jan-15



Source: Nevada Department of Taxation.

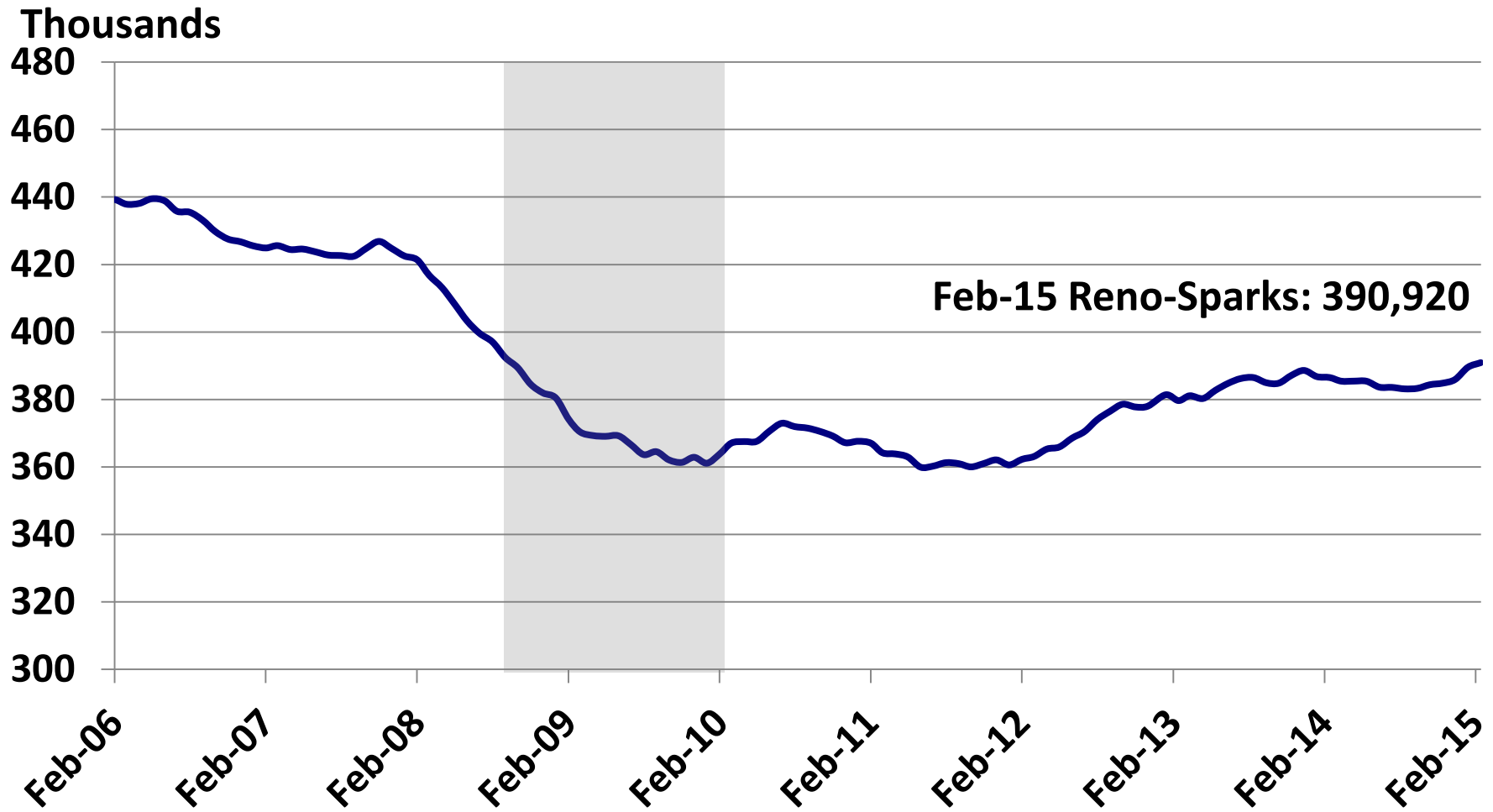
Gaming revenues returned moderately due to baccarat; slot revenues stagnant

Nevada, Las Vegas & Reno Gaming Revenues-W/O Baccarat: Feb-06 to Feb-15



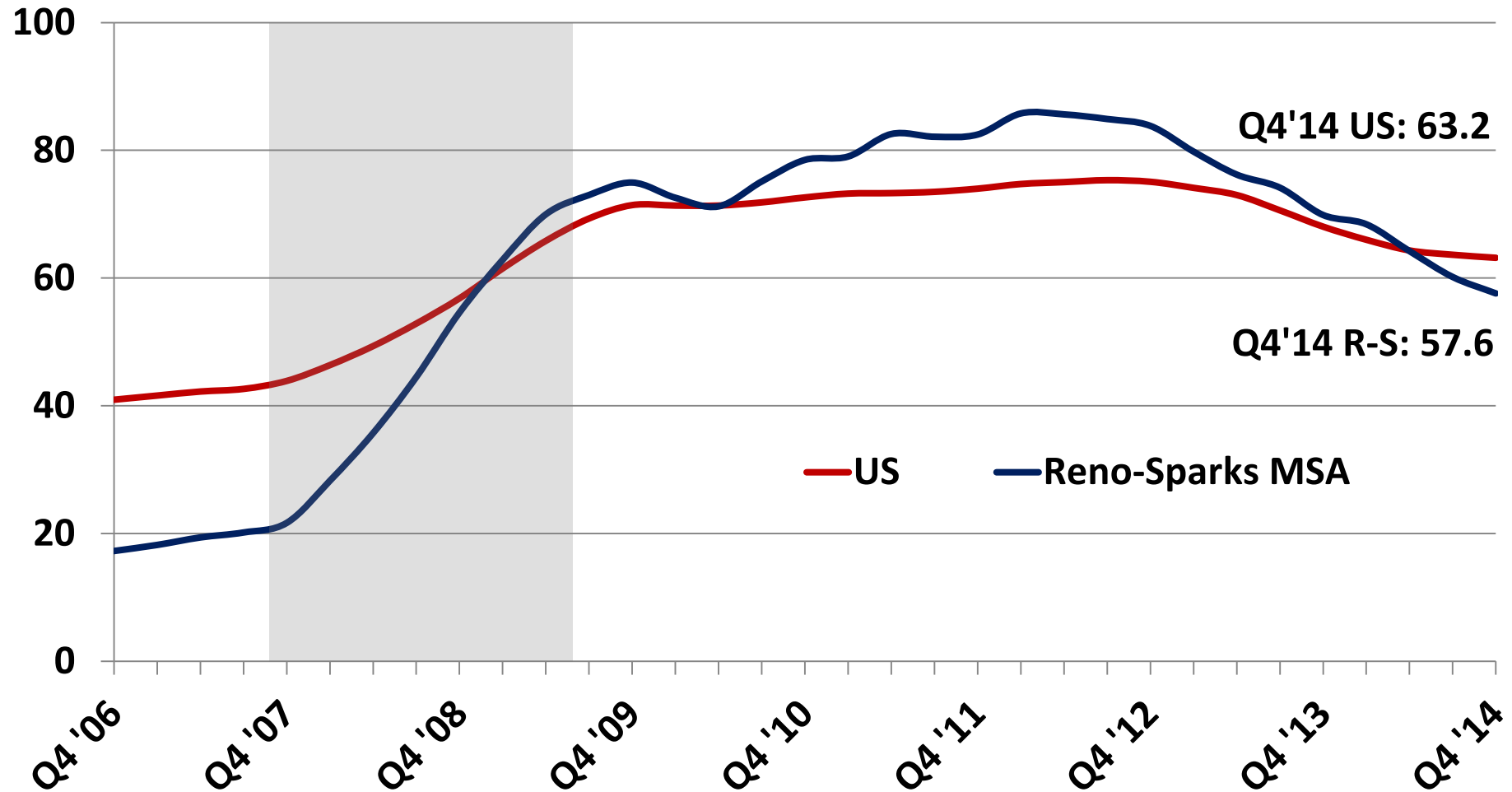
Reno visitor volume up modestly

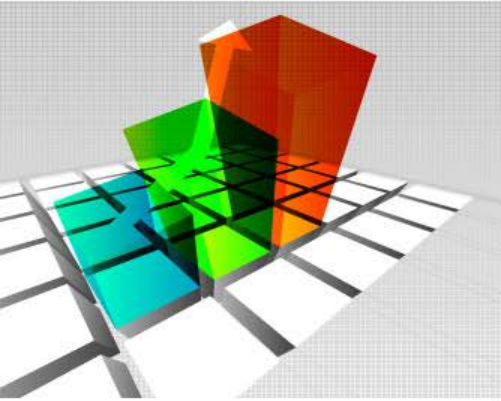
Reno-Sparks Monthly Visitor Volumes: Feb-06 to Feb-15



Home affordability suffered during Great Boom, now near US avg, but??

US & Reno MSA Home Opportunity Indices: Q4/06 to Q4/14



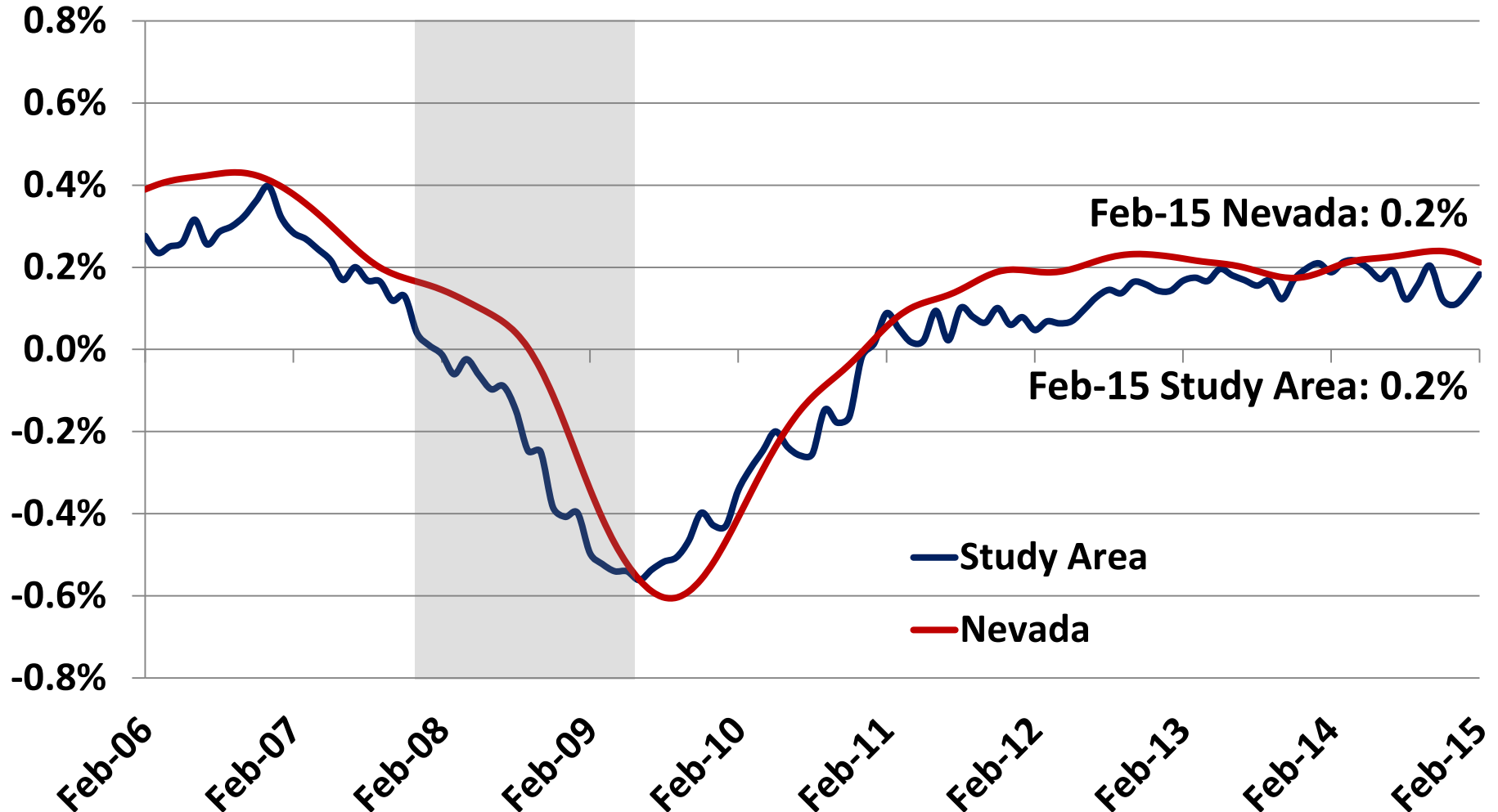


THE REALITY: NEVADA POPULATION & JOBS



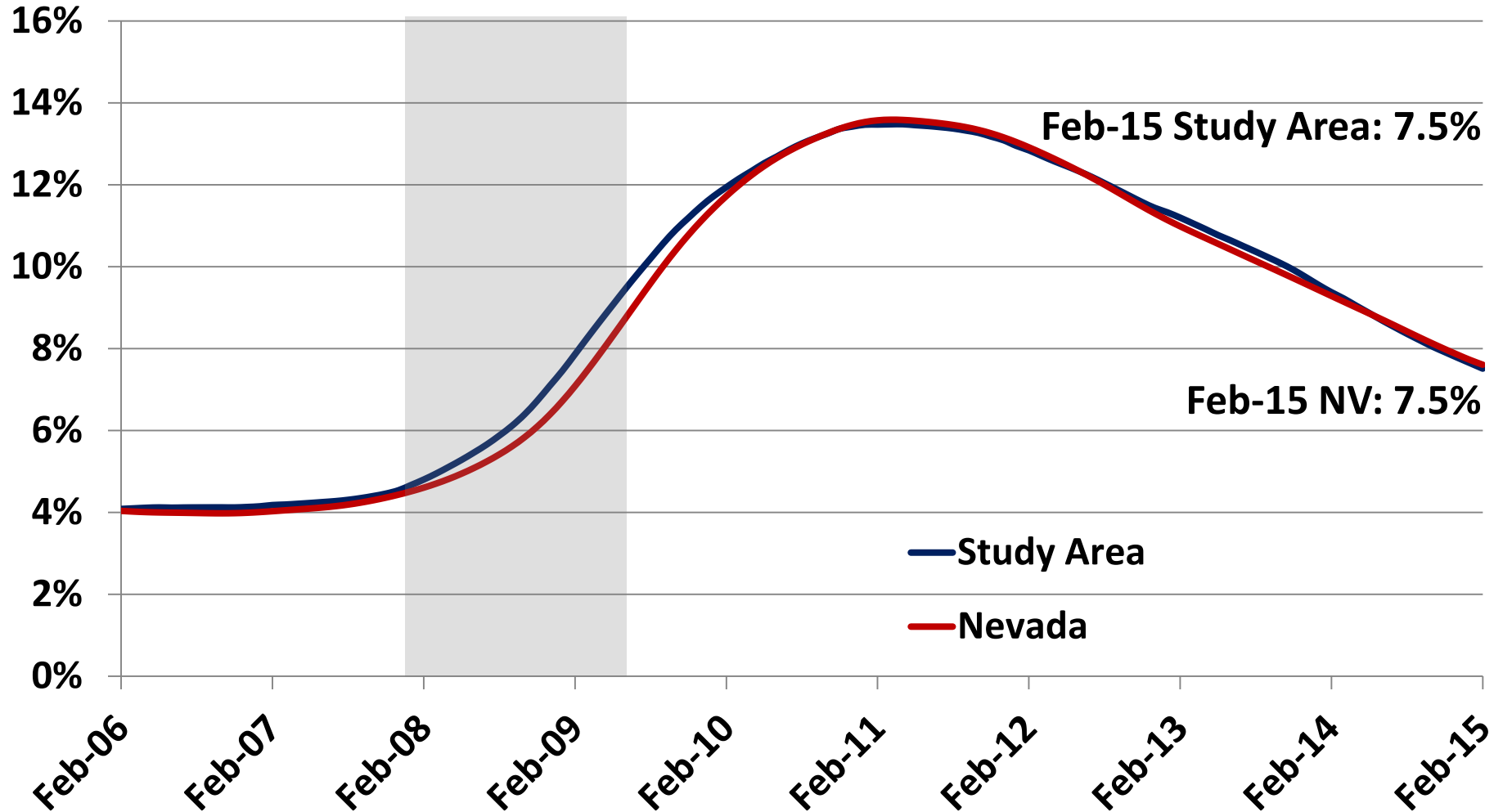
Nevada & Study Area job markets continue to gain steam since late 2009

Nevada & Study Area Employment Growth: Feb-06 to Feb-15



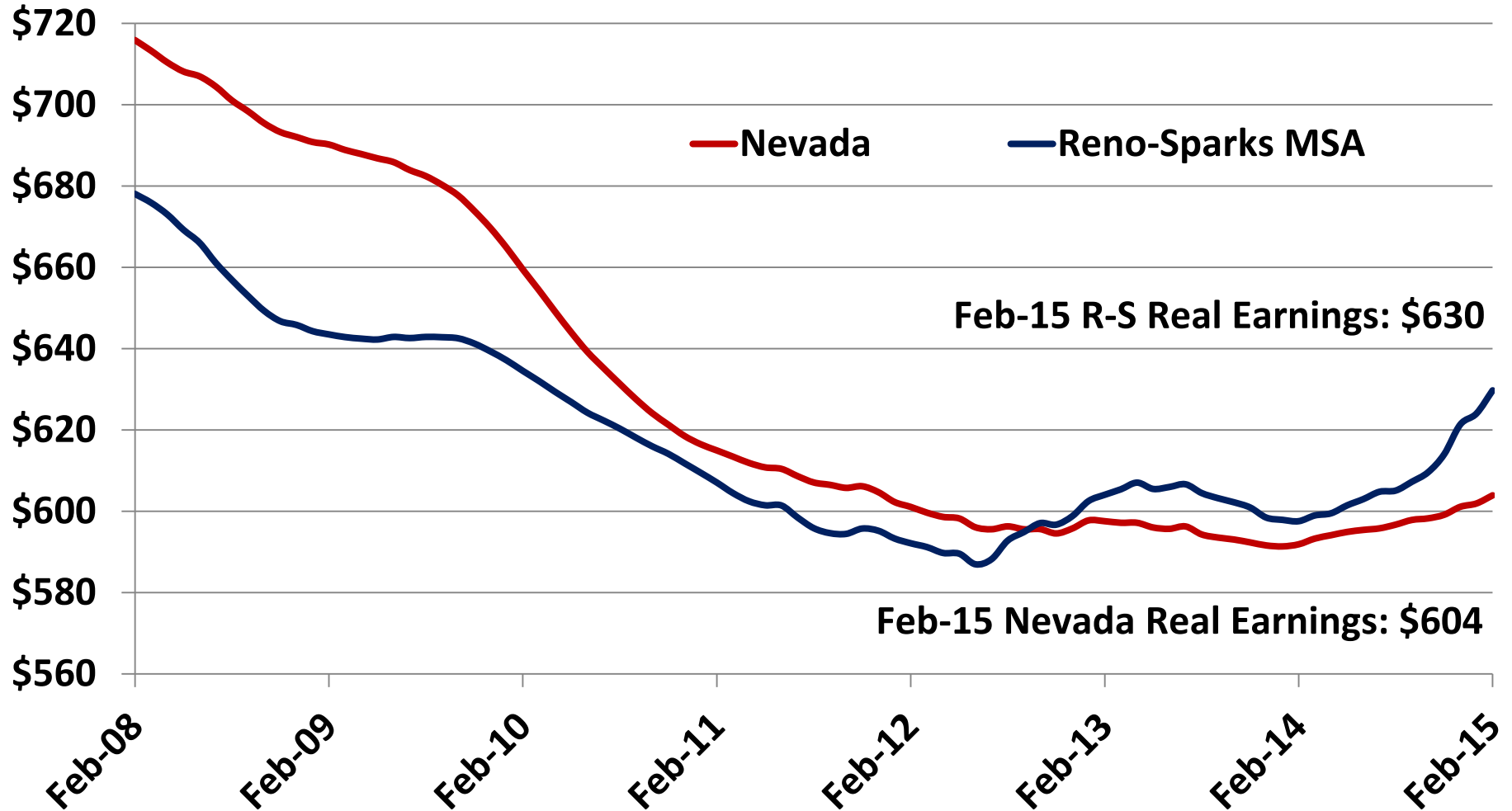
& the “headline” unemployment rate continues to drop

Nevada & Study Area Unemployment Rate: Feb-06 to Feb-15



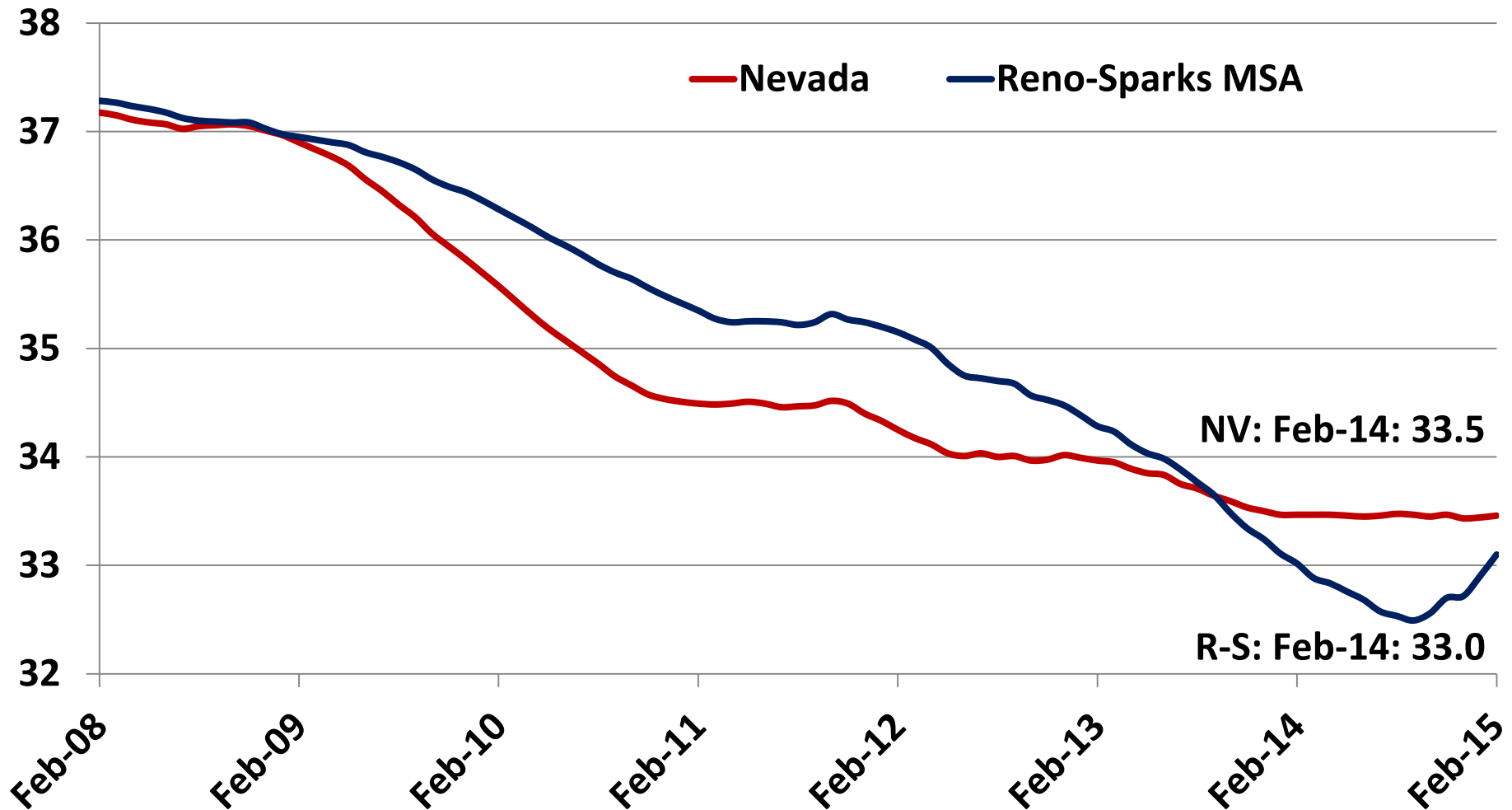
& "real" wages in Nevada finally rising Reno-Sparks doing even better

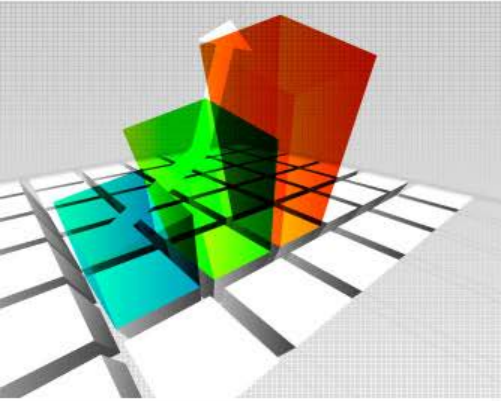
Real Average Weekly Earnings (\$2007): Feb-08 to Feb-15



Job market slack remains. Reno-Sparks improving faster than Nevada

Nevada & Reno MSA Average Weekly Hours: Feb-08 to Feb-15





NORTHERN NEVADA GROWTH FORECAST: TESLA & NATURAL GROWTH

"The only function of economic forecasting is to make astrology look respectable."

--John Kenneth Galbraith

If you give a number, don't give a date.

If you give a date, don't give a number.

If you get it right, don't look surprised.

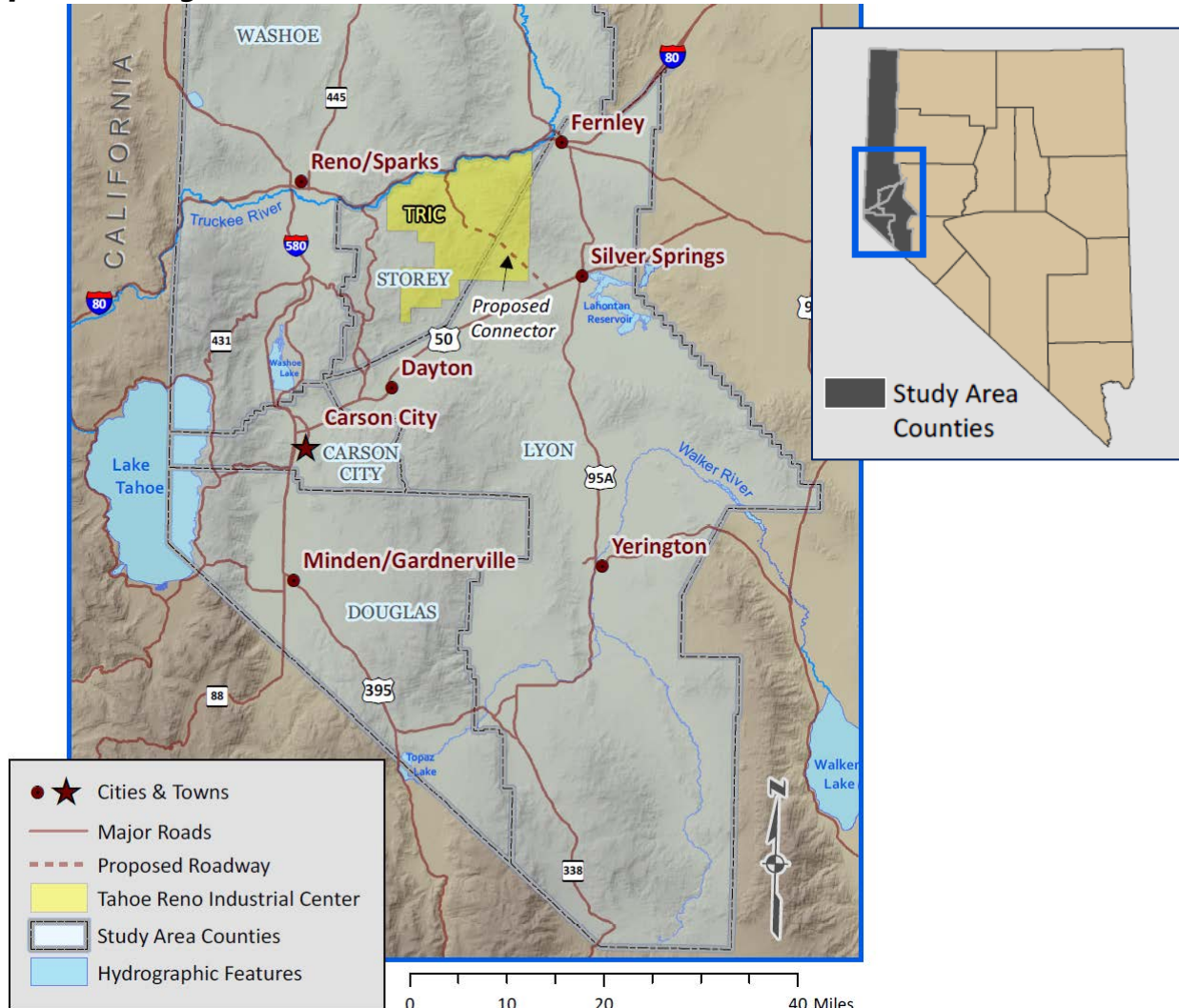
New Tesla battery plant will help bring thousands of needed jobs to Nevada

Tesla Gigafactory Facts

- Goal: Produce batteries for cars /homes / others
- 6,500 jobs at buildout; 7,646 indirect & induced jobs
- Nucleus of new economic cluster for the state
- Factory to use economies of scale to reduce costs of lithium-ion batteries
- Should reduce battery cost by greater than most expect
- By 2020, should more than double the world production of lithium-ion battery production of 2013
- Expect to decrease per KWh cost of battery by 30%

Study Area consists of 5 counties

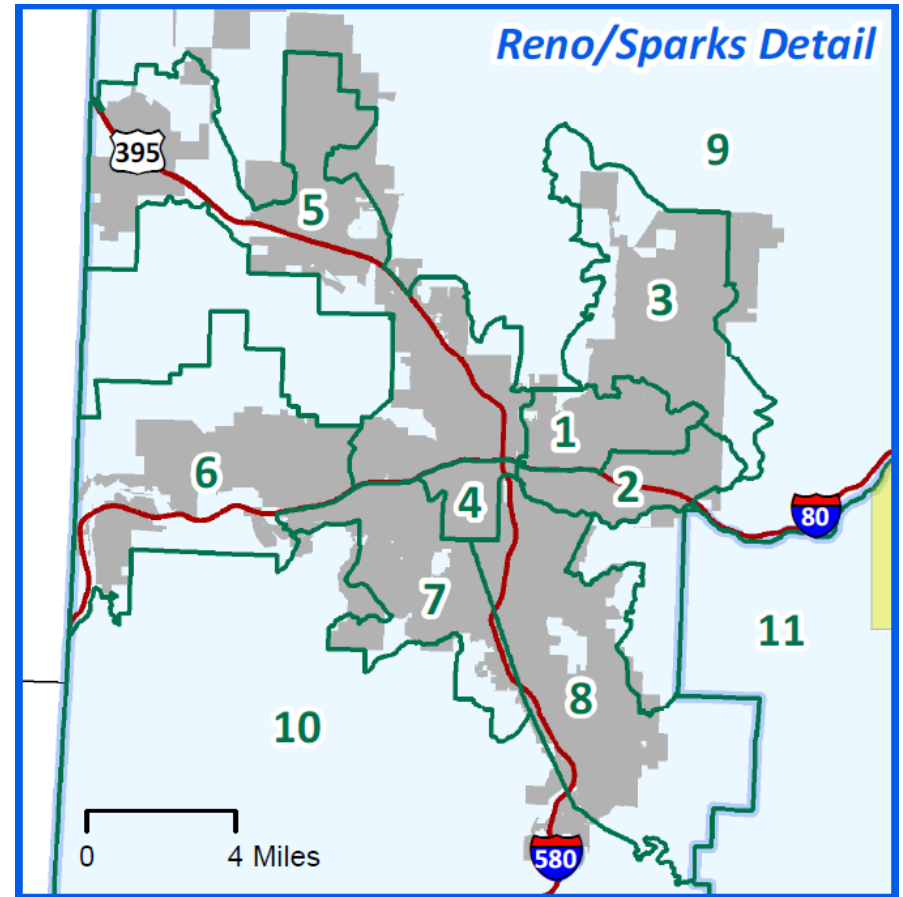
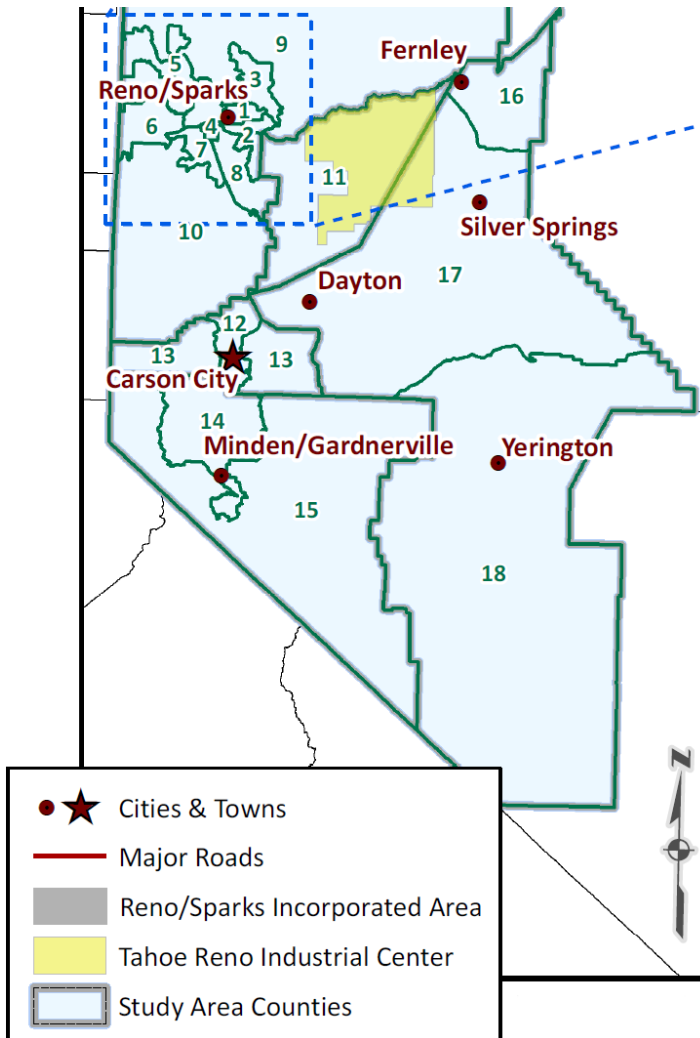
Study Area Map – Study Period: 2015-2019



Source: Nevada Economic Planning Indicator Committee (EPIC).

Study Area divided into 18 "EPIC Zones"

Study Area Zone Index Map: 2015



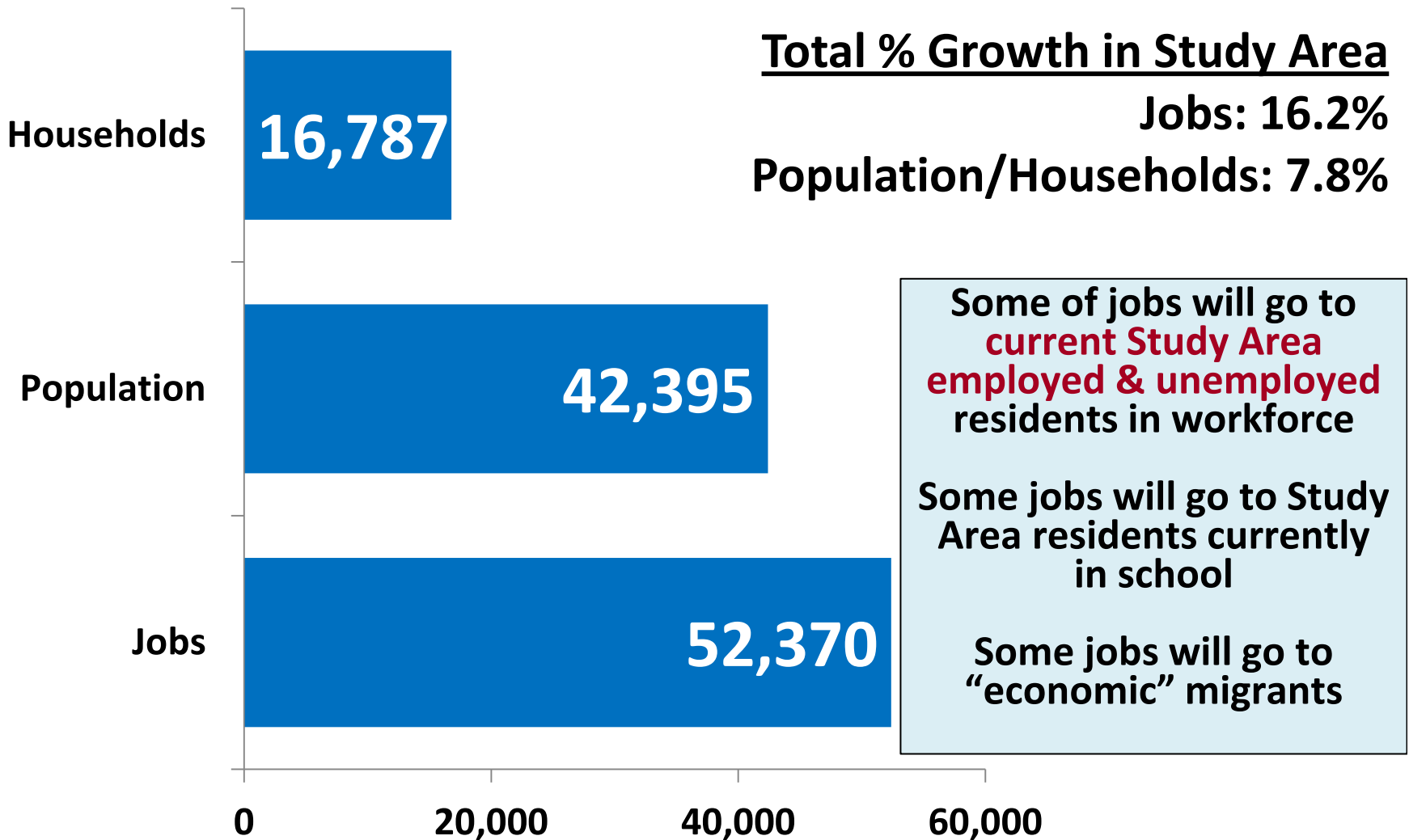
18 EPIC Zones called . . .

Study Area Zone Index IDs

| ID | EPIC Zone |
|----|----------------------|
| | <u>Washoe County</u> |
| 1 | Sparks |
| 2 | Sparks Industrial |
| 3 | Sparks Suburban |
| 4 | Downtown Reno |
| 5 | North Reno |
| 6 | West Reno |
| 7 | Southwest Reno |
| 8 | Southeast Reno |
| 9 | North Washoe |
| 10 | South Washoe |

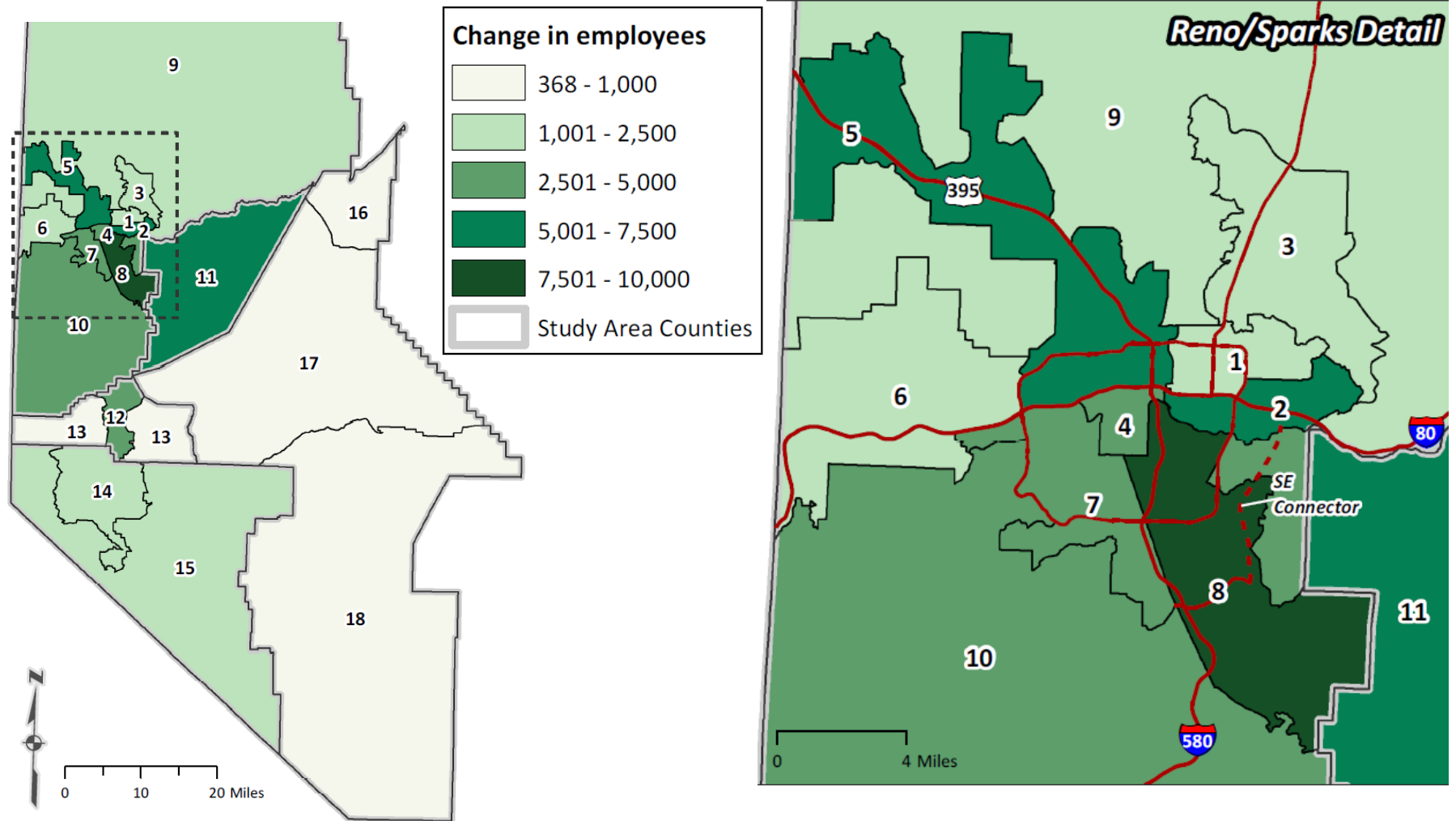
| | |
|----|---------------------------|
| | <u>Storey County</u> |
| 11 | Storey |
| | <u>Carson City County</u> |
| 12 | Carson City |
| 13 | Carson City - Rural |
| | <u>Douglas County</u> |
| 14 | Douglas |
| 15 | Douglas – Rural |
| | <u>Lyon County</u> |
| 16 | Fernley Area |
| 17 | Central Lyon |
| 18 | South Lyon |

Scenario B has 5-Yr growth of 52K jobs & significant jump in population/households



Scenario B job growth concentrated in 4 zones

Total Projected Employment Growth Map-Scenario B, by EPIC Zone: 2015-2019



Scenario B employment growth concentrated in 4 zones

Projected Employment Growth Conclusions: 2015-2019

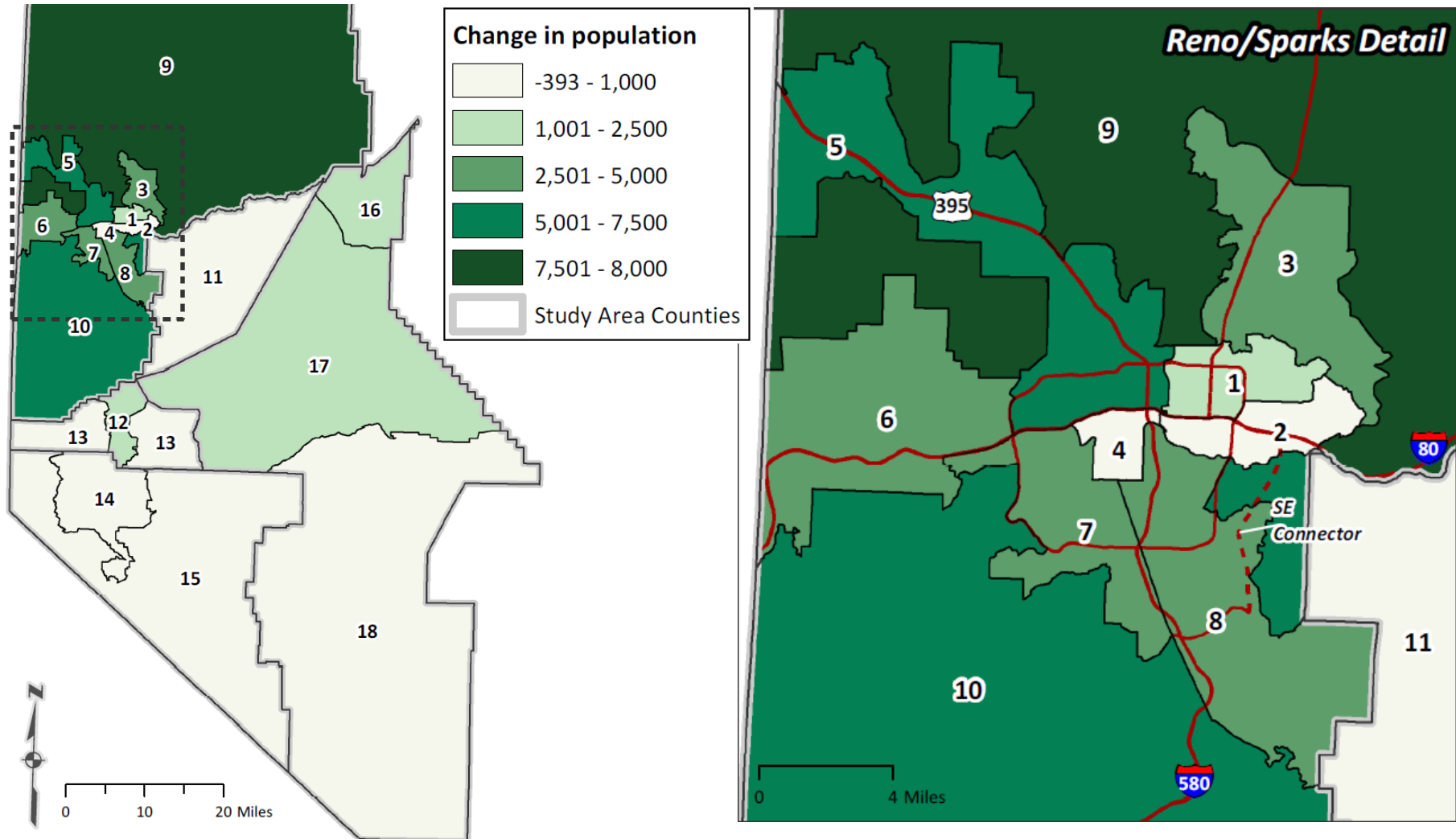
- ❑ 4 zones contain over half of the job growth (26,274/52,371)
 - Zone 2: Sparks Industrial – 6,107 jobs
 - Zone 5: North Reno – 5,585 jobs
 - Zone 8: Southeast Reno – 9,104 jobs
 - Zone 12: Storey County – 5,478 jobs

- ❑ Other notable gains
 - Zone 4: Downtown Reno – 4,143 jobs
 - Zone 7: Southwest Reno – 3,762 jobs
 - Zone 10: South Washoe – 3,009 jobs

- ❑ All zones gain jobs over study period

Scenario B population growth centered around Reno-Sparks MSA

Total Projected Population Growth Map-Scenario B, by EPIC Zone: 2015-2019



Source: Nevada Economic Planning Indicator Committee (EPIC).

Scenario B population growth concentrated in 3 zones

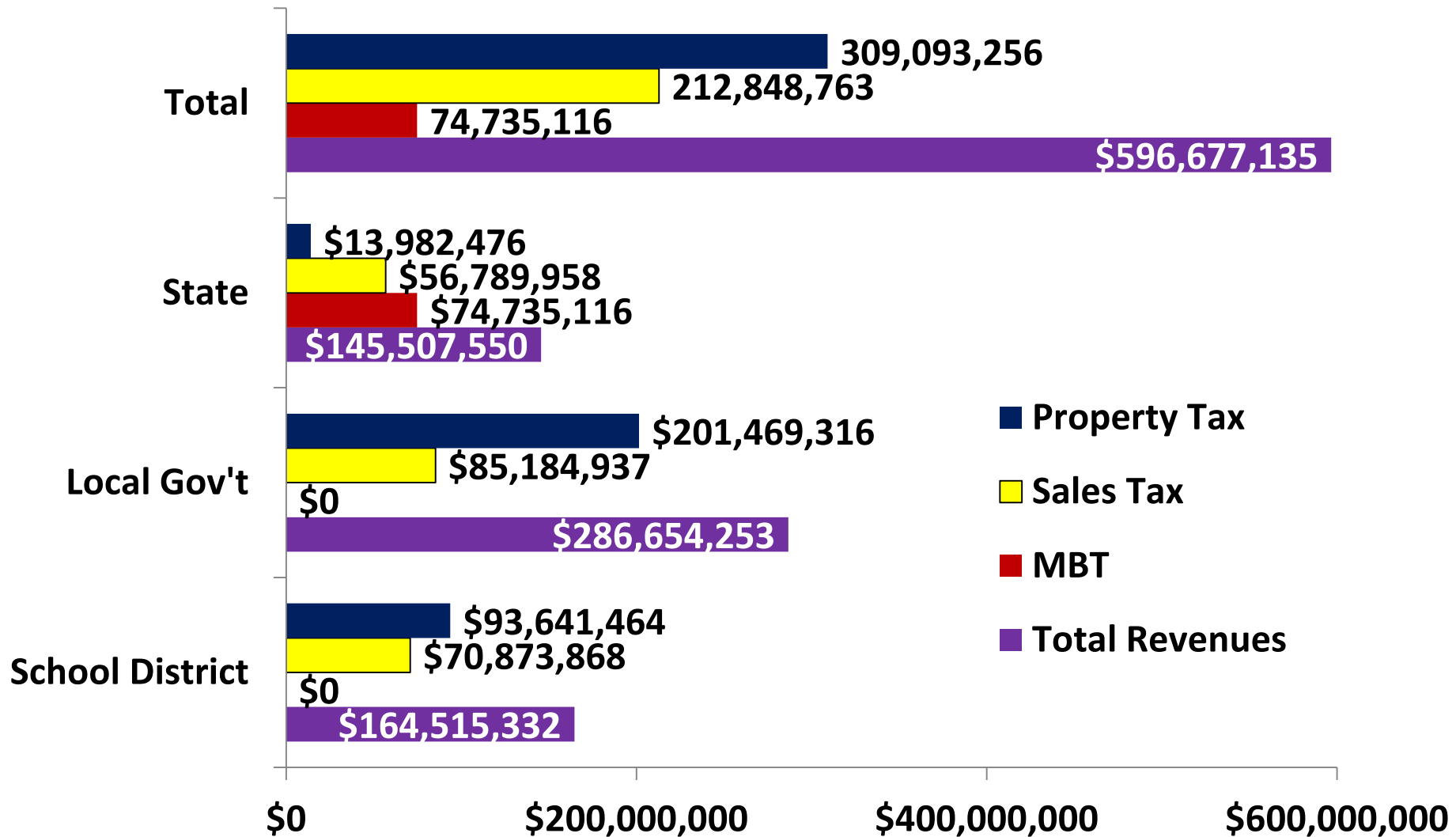
Projected Population Growth Conclusions: 2015-2019

- ❑ 3 zones encompass nearly half of population growth (20,112/42,395)
 - Zone 5: North Reno – 6,738 persons
 - Zone 9: North Washoe – 7,608 persons
 - Zone 10: South Washoe – 5,765 persons

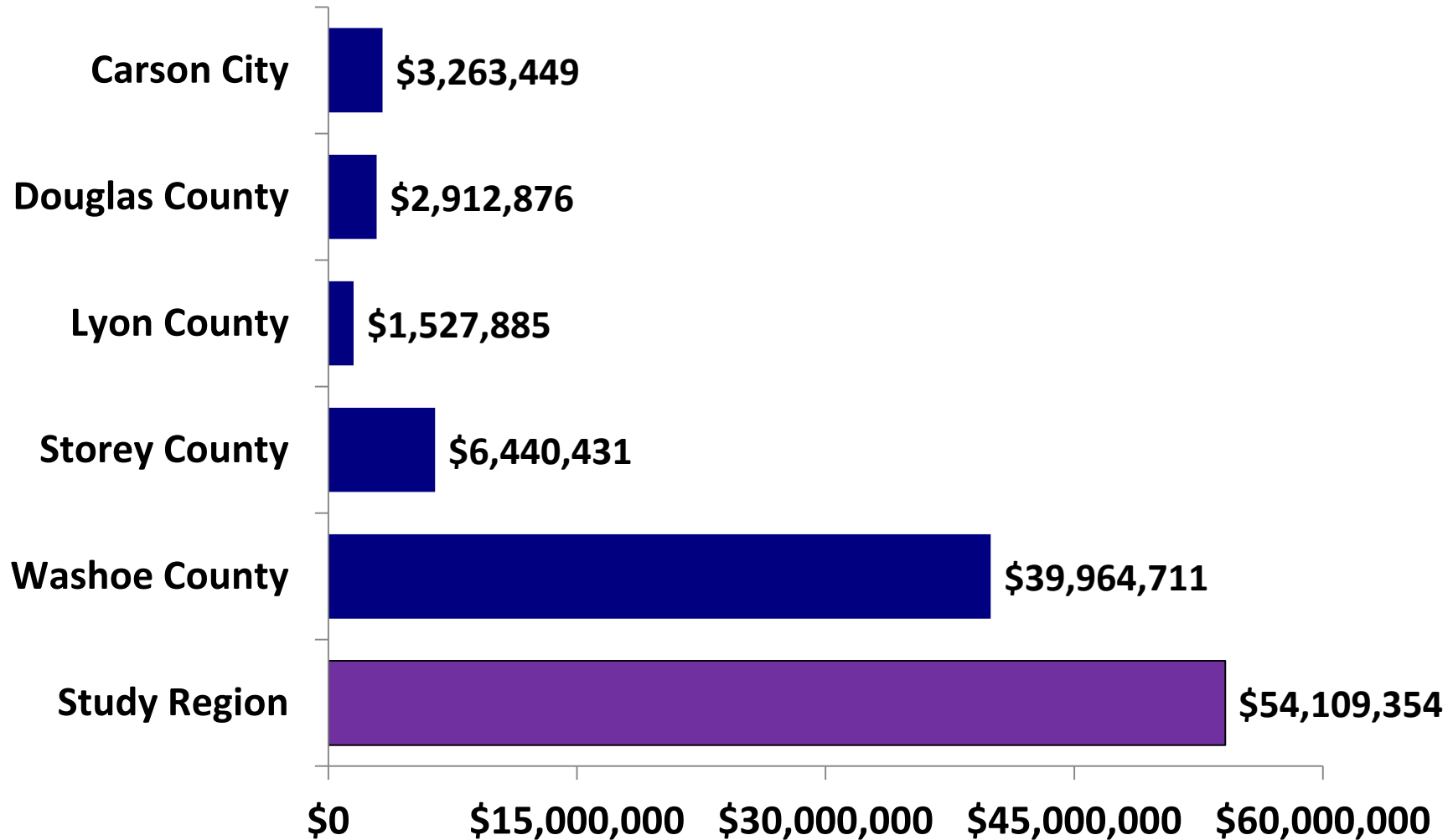
- ❑ Rest of population growth spread out
 - Zone 3: Sparks Suburban– 4,242 persons
 - Zone 6: West Reno – 2,632 persons
 - Zone 7: Southwest Reno – 3,323 persons
 - Zone 8: Southeast Reno – 4,016 persons
 - Zone 12: Carson City – 2,176 persons

- ❑ Douglas County expected to lose 393 persons, but will start growing in 2017

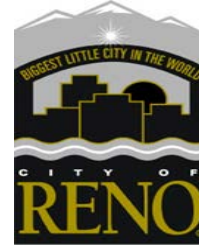
Region's growth to generate millions for state, Northern Nevada gov'ts & schools



Growth to generate millions in fuel tax revenues in Northern Nevada



Questions?



Contact Us



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