



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: June 16, 2016

Staff Contact: Nick Marano, City Manager

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

Staff Summary: Staff from NNDA will provide an update and progress report.

Agenda Action: Formal Action/Motion

Time Requested: 15 mins

Proposed Motion

No action - presentation only

Board's Strategic Goal

Economic Development

Previous Action

N/A

Background/Issues & Analysis

N/A

Applicable Statute, Code, Policy, Rule or Regulation

N/A

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

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Quarterly Report – Carson City Board of Supervisors

May 31, 2016

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 5-31-16

All first-phase interviews were completed Q4 of 2015. The results from these meetings were reported to the Board of Supervisors at the December 2015 meeting. NNDA staff and regional professionals are currently working together to assist several manufacturer's, at their request, in the areas of gap financing, state incentives, workforce issues and expansion projects. This work will continue indefinitely, and NNDA will work to expand opportunities for the City's manufacturers.

NNDA staff is currently in the second phase of manufacturer meetings, with eight meetings already completed. Working with what we learned meeting with nearly 70 Carson City manufacturer's, NNDA is now working with several regional partners to create solutions for the concerns and needs of the representatives we interviewed. The plan moving forward is to host a series of four group meetings with dozens of manufacturing representatives to discuss all issues discovered during the first round of meeting, and to work together in an effort to find solutions to many of the current issues. Working to create better options for Carson City businesses in the area of health insurance, workforce improvement, and several other areas of interest will be another focus of these meetings. NNDA will be joined by several political representatives at these meetings to include our co-host, the Lt. Governor, Mark Hutchison. Increasing the number of interviews with companies we weren't able to meet with in the first round, will be another priority of ours in the next three months.

All manufacturer's we met with are now very familiar with their options for expansion projects, such as secondary gap funding, state incentives, and workforce training programs.

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.
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 5-31-16

Although NNDA has had progress in both expansions of existing Carson City manufacturers and in recruitment, the labor statistics show that manufacturing jobs in Carson City has stayed level over the course of the contract, while Professional and Business Services, Trade Transportation and Utilities, and Government categories have all declined sharply over the same period. Only Leisure and Hospitality have outperformed manufacturing in job growth. At current, NNDA has assisted two companies, Western American Foods and Pacific Polymer with relocating from California to Carson City. Combined, these businesses expect to hire an estimated 15 direct jobs with another 12 induced, or indirect jobs.

A total of three Carson City manufacturers are in various stages of expansion with assistance from NNDA staff and regional partners. Two expansion projects are currently moving forward, one in Distribution and another is the Food Product industry. Combined, these two projects project that another 35 direct jobs and 28 induced, or indirect jobs will be created in the next six months to a year. NNDA, and its regional partners are partnering to work on another major expansion project that looks to create hundreds of jobs in Carson City, post expansion. This expansion is in the very early stages, but looks very promising. In addition, the manufacturing interviews have created six new expansion opportunities that staff is currently working on to move forward.

Unfortunately, available industrial buildings over 25,000 sq. ft. are still a challenge to find in Carson City. Since the last report, three companies that NNDA has successfully relocated have signed leases, or purchased building in Minden, and Dayton due to the lack of suitable building in Carson City. This ensuing issue was recognized by NNDA three years ago, and corrective actions have been in the making for the past two years in an effort to create solutions. The statewide Certified Site Program (CSP) was born out of the reality of a building shortage, which has now certified the first site in Carson City. This program creates a much broader outreach to national Site selectors and Brokers because of the shortened building timelines on a certified site. NNDA worked with several regional entities and committees to create this, and other programs to include build- to – suit leaseback and purchase programs in partnership with regional contractors and land owners.

To Date (since the approval date of contract):

- 67 leads (generated by all sources)
- 28 leads through contracted fee based consultants.
- 7 leads generated through the ongoing mailing campaign.
- 57 total site visits (includes multiple visits from the 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 5-31-16

Through the ongoing manufacturer's interviews, NNDA staff has identified 43 assistance opportunities for local manufacturer's and is in the process of assisting manufacturers with various items such as finance, workforce, HUB Zones and Foreign Trade Zones (FTZ) . Furthermore, NNDA has been involved with a confidential major retention effort with a large-scale manufacturer. Results of this project will be reported in the next report to the Board.

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.

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). 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.