

## 4.0 Meadow Valley Industrial Site Target Industries

The economic - base and supplier analyses provide important information about the types of industries that are likely to be targets for Southern Nevada. However, the analysis up to this point has been at a regional level. The next two sections describe the specific characteristics of the two site in Lincoln County, and provide recommendations as to which of the industries identified in the previous chapters may be the best targets, based on the specific assets and constraints of each site.

### 4.1 Site Description

City officials are in discussions with a private property owner regarding a land swap and other consideration relative to its proposed industrial park. The potential site is 169 acres and is located in Rainbow Canyon, approximately one mile south of town.

The site borders a main line of the Union Pacific Railroad, and has direct access to Highway 93, just Southwest from the center of town, making it an excellent location for inter-modal transfer activities. Rail spurs from the Union Pacific line could easily be extended into the industrial area.

The site is separated from the main residential and commercial areas of the City, and is adjacent to the City's Waste Water Treatment Facility site. The treatment facility site is the subject of the land swap.

This separation from the rest of the City is an asset in that it broadens the range of industrial activities that could be located at the site. Additionally, the city is in active negotiations with BHP Copper to take a portion of the finally selected industrial park site for the company's copper transfer operations.

Although this industrial area is currently undeveloped, utilities including electricity, sewer and telephone have already been extended to the site. If a user for the site is found, the City is willing to improve the road into the site from Highway 93, and extend water services from the main part of town. The water line would be sufficiently sized to meet fire service requirements for industrial development. Effluent from the adjacent sewer treatment ponds may also be usable for fire protection purposes.

### 4.2 Local Business Climate Assets and Constraints

The business climate assets and constraints of Caliente and the Meadow Valley Industrial Site are the factors that will determine the feasibility of a locational fit with potential industry targets. Business climate attributes apply to different scales of geography ranging from state or regional to site specific.

At the most localized level, the site must be suitable in terms of market accessibility, transportation, utilities, size and cost of land, and adequacy of local infrastructure systems for specific business needs. The site must also work for labor force accessibility for the occupations that are needed by specific businesses. In addition, local public

service delivery is important at the site level-especially local regulatory policies, physical security, and local attitude toward business. Because cities can directly influence these variables, the quality of their economic development delivery system can become an important pro-active policy.

The following is a summary of the business climate assets that influence potential industry targets at the Meadow Valley site.

**Market Access.** The Meadow Valley site is located about 150 miles Northwest of Las Vegas, from the intersection of U.S. Highway 93 and Interstate 15 leading to Southern California. The Union Pacific rail line parallels Interstate 15 through Las Vegas and west into Los Angeles. Thus, the Meadow Valley site provides access to final markets, as well as suppliers in these urban areas. However, the site would not be competitive for manufacturers and other business that require an urban location.

**Transportation & Telecommunications.** The Meadow Valley site has a distinct advantage because of its location along the Union Pacific rail line. Since the site is also accessible by truck via U.S. Highway 93, which runs through Nevada from Idaho, it provides an excellent location for inter-modal transfer of products from rural Nevada into California, or east to Utah and the Midwest. U.S. Highway 93 is also known as the "NAFTA Highway" because of its direct link to Mexico and the Midwest, which enhances long-term commerce in the Caliente area. This type of transportation access makes the site most suitable for durable goods with a high weight-to-value ratio, such as metals, machinery, forest and paper products, or chemical products such as fertilizers and plastics. This Meadow Valley site also has fiber optic cable available. This telecommunications feature is important to businesses like call centers.

**Access to Resources.** Resources include raw materials, intermediate products, business services, water, and energy. The Meadow Valley site does not provide immediate access to intermediate products or a large array of business services given its remote location. Necessary raw materials and intermediate products could most likely be shipped in by train or truck if the site had otherwise an advantageous location to a company. Adequate electricity resources are available at the site, and water availability is not a problem for an industry that uses water in its manufacturing process. Additionally, the mining of Perlite near Caliente is an excellent and easily accessible resource (Perlite is critical in the manufacturing of concrete). The geothermal resources available in the area are also worth noting. Caliente has a series of hot springs whose potential has not been fully explored to-date.

Finally, the current and planned operations of Crestline Recycling and Disposal in operating the Lincoln County landfill (we understand that the company has been awarded the contract) have potentially significant benefits from a resource standpoint. We have been told that the company is planning a plastics recycling operation at the landfill which would be good support service to some of the target industries that identified in this report.

Real Estate. There are no existing buildings on the Meadow Valley site; thus, new construction would be required. The land could be leased, or possibly purchased, from the city at a reasonable cost. Also, the fact that sewer, phone, and electric utilities are already available at the site makes it superior to a completely unimproved parcel. Most businesses that would be interested in a rural location are prepared to build their own facility.

Work Force. The City of Caliente has a population of approximately 1,200 residents. However, the potential labor shed for a local business extends beyond the City limits to the area around Panaca and Pioche, as well as into western Utah. There are no current labor force estimates available specifically for Caliente; however, the Bureau of Labor Statistics publishes monthly data for Lincoln County. The County has a labor force of about 1,200 people. The unemployment rate for the first half of 1998 averaged about 6.2 percent. Although this is a higher rate of unemployment than in the Las Vegas metro area, it is still low on a national basis. The size of the available local labor force makes this site more suitable for smaller companies.

In the Caliente area, the population is generally well educated. According to the U.S. Census Bureau, about 74 percent of the adult population are high school graduates, and about 26 percent of adults in the area have a college degree. In terms of occupational mix, about 32 percent of the work force are in managerial and professional occupations, eight percent are in precision production occupations, and 15 percent are machine operators and transportation workers. Despite having a much smaller work force than a more urbanized area, the skill mix appears to be suitable for manufacturing operations.

Public Service Delivery. The City of Caliente has adequate public service capacity to serve the proposed industrial site. A volunteer staff provides fire services, and the City appears to have adequate fire-fighting equipment. The County provides police services. The City and County are pro-business and anxious to work with potential business users for this site. One advantage of being in a less urbanized location can be the ease of the permitting and construction process, if local officials are committed to economic development.

Quality of Life. Caliente is an established community with an appealing small town lifestyle. Many residents who grew up in the area have returned to raise their families in a rural setting. The climate is somewhat milder than Las Vegas in terms of the heat, due to its higher elevation. According to City officials there are several new housing developments planned for the area that could accommodate new workers if new jobs were created.

#### 4.3 Industry Targets

The potential industry targets for this site are a combination of the results of the Economic-Base and Supplier Analysis, and information obtained through a site visit and local interviews on July 22, 1998.

The site is generally suited for manufacturing operations as well as transportation and distribution. Based on the results of the earlier analysis, Figure 4-1 details the targets for the Meadow Valley site.

All of the industry targets in Figure 4-1 are either suppliers to existing industries in Las Vegas, the NTS, or Nellis, or they are targets from the Economic-Base Analysis described in Section 2. Each of these industries has an existing presence in other non-metropolitan locations have rail lines running through the area. Although all of the manufacturing targets would require inputs from outside the local area, they are generally durable materials that could be shipped by rail.

#### Industry Targets for the Meadow Valley Site

The Meadow Valley Industrial Site is located in the City of Caliente, Nevada. The site borders a main line of the Union Pacific Railroad, and has direct access to Highway 93 making it an excellent location for inter-modal transfer activities. Rail spurs from the Union Pacific line could easily be extended into the industrial area. Although this proposed industrial area is currently undeveloped, utilities including electricity, sewer and telephone are readily available.

All of the industry targets in Table 4-1 are either suppliers to existing industries in Las Vegas, the NTS or Nellis, or they are targets from the Economic - Base Analysis described in Section 2. Figure 4-2 includes economic data for the recommended targets. The targets were selected from the results of these analyses, based on the following criteria:

Manufacturing industries versus services industries, with the exception of inter-modal transportation;

Industries that did not involve complicated processing or highly specialized infrastructure;

Industries that could ship supplies and final products in and out by rail; and

Suppliers with a high volume of regional demand generated by the basic buyer industries in Clark County, the NTS, and Nellis, as shown in the Supplier Analysis.

Each of these industries also has an existing presence in other non-metropolitan locations in Nevada, California, Arizona and Utah. Generally, these locations have rail lines running through the area. Although all of the manufacturing targets would require inputs from outside the area, they are generally durable materials that could be easily shipped.

Call centers were also considered as a possible target, given the availability of fiber optic cable. However, these centers are generally looking for an existing buildings and are less likely to be attracted to a site where new construction is required. Labor force availability is also an issue for call centers, which are generally looking for communities of 5,000 persons or more.

In the process of selecting the target industries for the Meadow Valley Site, the development opportunities recommended in the recently completed draft Lincoln County

Overall Economic Development Plan ("OEDP") were also reviewed. Although many of these opportunities represent non-basic industries that are not the focus of this analysis, there is some crossover between the target industry recommendations shown here and the findings from the Plan. The development opportunities from the OEDP for Caliente are shown in Appendix C.

#### 4.4 Recommended Next Steps

The Meadow Valley site should be the priority location for development of an industrial park in Lincoln County. As such, it should be considered as "Phase 1" of a multi-site industrial development program for Lincoln County. Accordingly, the first step in attracting these target industries is to make the Meadow Valley site ready for development by planning and designing the remaining infrastructure improvements, site plan, and signage. This will require further engineering feasibility work to be performed.

The City currently has a prospect that is very interested in locating an inter-modal transfer facility in Rainbow Canyon. They are willing to make the necessary improvements to meet the needs of this business. If this prospect becomes a user, it will provide an anchor for the industrial park. Having an improved site with an existing tenant will make the park more attractive to other potential industrial users.

Based on the information provided in this report, more detailed industry research could be performed on each of the recommended targets. This research should include information about the industry trends, recent relocations and expansions, current concentration of establishments nationally, and specific infrastructure considerations. The detailed industry research could be used to further refine marketing efforts to companies in the recommended SICs.

One other specific area that requires more research is inter-modal transfer facilities. This type of operation could cover a multitude of different raw materials and manufactured products. It is recommended that research be performed to identify companies in resource-based industries, such as mining, agriculture, or wood products in central and northern rural Nevada that could ship products by rail and truck. Companies in locations with relatively direct highway access to Caliente would be preferable. They should be companies that primarily ship products out of state to California, or through Salt Lake City to the Midwest.

According to local interviews, there have been inquiries from prospects regarding inter-modal transfer of hay cubes, and petroleum products from the Meadow Valley site. Given the specific transportation attributes of Caliente, businesses that meet these criteria would be very viable and merit additional detailed research and marketing efforts.

In general, the Meadow Valley site will be most competitive for companies that are looking for a rural location in an established community. Caliente does not directly compete with Las Vegas or other urban areas for new companies seeking this type of location.

The greatest competitive advantage of this site is its strategic location along the Union Pacific main line for companies that require rail access, or rail and highway access for inter-modal transfers. Transportation accessibility, along with infrastructure improvements, are the primary features that will distinguish this location from other rural industrial sites. The targets that would be attracted to this area would most likely be those that ship products in and out from Southern California or the Midwest, given the path of the rail line.

In order to truly focus marketing efforts for the Meadow Valley site, a more detailed comparative business climate analysis and survey of a selection of companies (see Appendix A) in the target industries illustrated in Exhibit 4.1 is recommended. This analysis would include data on the types of business climate attributes discussed in Section 4.2, comparing Caliente to other competitive areas in the region. These competitive areas would include other small town locations in the Southwest with rail and highway access. This type of analysis would allow the County to strategically position itself against other competitive areas and maximize the comparative advantages of the Meadow Valley site. The survey would focus on gathering information on the companies' location and resource needs and future expansion plans.