RISE OF RENO
NORTHERN NEVADA IS BOOMING. WHAT CAN WE LEARN FROM ITS GROWTH?

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VEGAS INC
HOW VOLUNTEER DOCTORS CARE FOR THE UNINSURED

METRO'S SUCCESSES AND FAILURES POLICING A DIVERSE COMMUNITY
Northern Nevada is booming. What can we learn from its growth?

BY RYAN FRANK
STAFF WRITER

Reno had a problem in 1998. Lots of problems, in fact. "The Biggest Little City in the World" long had been surpassed by Las Vegas and Atlantic City as a gaming destination, and tribal casinos had taken over Reno's monopoly on northern California gamblers.

Lance Gilman, a music promoter-turned-real estate mogul, had a solution. While others focused on the warts of boarded up casinos, Gilman saw Reno's potential as a hub for warehouses, manufacturers and data centers. And he had the cash to make a big bet on the region's future.

Gilman and his partner bought a parcel of land east of town that was so big it covered more ground than the city of Las Vegas does today. On it, they planned to build what they described as the world's biggest industrial park.

Sixteen years later, Gilman has the world's attention.

Tesla Motors announced this month it would build an electric car battery plant in Gilman's industrial park, the Tahoe-Reno Industrial Center. It's expected to be one of the biggest buildings in the world and, if all goes as planned, deliver up to 22,000 jobs, $100 billion in economic impact and a new industry to help power Nevada's economy.

Gov. Brian Sandoval said the deal "changed the trajectory of Nevada forever." State lawmakers agreed, approving four Tesla bills, 240-0, including more than $1 billion in tax breaks and incentives.

Southern Nevadans may wonder why Tesla landed in tiny Storey County when Clark County has 30 times more land mass and 500 times more people. The lesson for Las Vegas is that the Reno region won because it had the right mix of strategy, location, geography and people.

Northern Nevada's civic leaders accepted the reality that tourism wasn't coming back and embraced Reno's new identity as a remote suburb of San Francisco, rich with wealth, talent and tech. Fortune 500 companies such as Amazon, Wal-Mart and Barnes & Noble picked the region so their trucks could reach every major market in the West with one-day shipping.

"The Reno-Sparks region has been prepared for this type of investment and growth for 25 years," said Tom Skanecke, president of the Las Vegas Global Economic Alliance.

Tesla, an iconic name in the tech and manufacturing industries, provides the best kind of advertising for the Reno region seeking to lure more industrial companies,
HOW RENO MAKES ONE-DAY SHIPPING HAPPEN

Reno has become a hub for major online retailers like Amazon, Walmart and Barnes & Noble. Here's how the process works:

To illustrate, let's say a shopper in Bellingham, Wash., near the Canadian border, orders a T-shirt from Amazon. We'll use Bellingham because it shows how quickly Reno companies can reach the United States' northern border and because Las Vegas likely would be served from a different Amazon warehouse that is closer.

START
The buyer in Washington hits the "Place your order" button for the T-shirt on Amazon's website about 2:15 p.m.

1. PRODUCT BOXED
A worker in Amazon's warehouse in Fernley — about 34 miles east of Reno — picks the T-shirt from the warehouse and packs it into a box.

2. PRODUCT PACKED ON TRAILER
The Amazon warehouse worker puts the box into a truck trailer parked on the warehouse dock. The process from the customer's order to the package being loaded into the trailer takes about 45 minutes.

3. TRUCK PICKS UP TRAILER
A truck from a third-party transportation company shows up at the Amazon warehouse. The truck is pulling an empty trailer. The driver drops the empty trailer at the Amazon warehouse, then picks up the loaded trailer and drives it back to the contractor's 160,000-square-foot distribution center.

4. TRUCK TAKES TRAILER TO NEARBY DISTRIBUTION CENTER
At the contractor's distribution center, workers unload the packages and sort them based on the final destination. The T-shirt order destined for Bellingham eventually lands in a truck headed to Kent, Wash., a Seattle suburb.

5. TRUCK HEADS TO WASHINGTON
The Seattle truck pulls out of town by 5:15 p.m. The driver heads to Southern Oregon where he meets up with a truck from Washington state about 1 a.m. The drivers trade trailers. The Washington driver heads home with the Seattle-area packages. The Nevada driver brings the Nevada load back to Reno.

6. ORDER ARRIVES IN WASHINGTON WAREHOUSE
The Seattle driver pulls into the Kent, Wash., warehouse by 9:30 a.m. The packages from the truck are sorted again. The T-shirt goes into a truck that will make the 2-hour, 20-minute drive to Bellingham.

FINISH
The T-shirt will arrive on the buyer's porch sometime between noon and 7 p.m. The package has a 50 percent chance of reaching the buyer within 24 hours of the purchase.

DID YOU KNOW?
The route between Salt Lake City and San Francisco passes right through Reno. The route has changed slightly through the years as travelers shifted from mastodons to Native American tribes to fur trappers. Generally, it has tracked the route of Interstate 80. Travelers typically held close to the banks of the Humboldt, Truckee or Carson rivers to stay close to water and grass to feed livestock.

Drivers rendezvous in southern Oregon to trade trailers to keep freight moving.
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COVER STORY

WHAT LAS VEGAS CAN LEARN FROM RENO AND TESLA

Southern Nevada civic leaders would have loved to have landed Tesla Motors’ battery factory instead of watching it go to Northern Nevada. Making matters worse for the south, Clark County politicians also lost their lobbying bids to win support for schools and a film tax credit during the Tesla special session. Here are some lessons Southern Nevada can learn from the experience:

GET SERIOUS ABOUT MOVING BEYOND TOURISM
Las Vegas has done a far better job than Reno of maintaining and growing its tourism economy, even as gaming has become much more competitive. The tourism industry’s rebound since the recession has been good for Southern Nevada but it means civic leaders don’t face a crisis that can drive a fresh approach. Tesla’s decision to pick Northern Nevada can serve as a wake-up call. “We are a one-horse economy,” said Tom Skancke, president of the Las Vegas Global Economic Alliance. “What we’re finding out in this recession, we can’t be a one-horse economy.”

HAVE A PLAN FOR WHAT’S NEXT, THEN ACT ON IT
A 2011 Brookings Mountain West study identified manufacturing as Northern Nevada’s best way to diversify the region’s economy. Tesla fit that plan. But to make Tesla happen, Northern Nevada needed public and private decision-makers who bought into the plan and acted on it over 15 years. The same 2011 Brookings report recommended health care as Southern Nevada’s next big industry. The campaign for a UNLV medical school is still in the early planning phases and will be a long, steady focus.

GET INTERSTATE 11 BUILT
The freeway would open new trade routes between Las Vegas, the Phoenix metro area and beyond into Mexico. Robert Lang, director of Brookings Mountain West, said transportation links always entice new economic activity. “What do you think we’d be like without the I-15?” he asked about Las Vegas’ link to Los Angeles.

A BIG PARCEL OF LAND, PRIVATE INVESTORS, SERVICES, SUPPORT AND PERSISTENCE
Developer Lance Gilman found a city-sized parcel outside of Reno. He had the money and foresight to find or pay for roads, water and power. And he found lots of help from Storey County’s government leaders. Even then he took it 16 years to land Tesla. Southern Nevada doesn’t have anything on the scale of Gilman’s park. The Apex Industrial Park along Interstate 15 about 20 miles from downtown Las Vegas has about 1,800 acres ready for development. But Apex has lacked the civic support and services that made the Tahoe-Reno park work.
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but that plan fell through and the company decided to sell, according to a history of the land produced by the University of Nevada’s Center for Regional Studies.

Gilman and Norman paid $20 million in cash to the Canadian company for 102,000 acres.

Their next task: How to get the roads, power and water needed to support a new city of industry.

RENO’S NEXT BET

While Gilman had a plan, Reno didn’t.

The town struggled to figure out how to counter the 20-year decline of gaming and tourism. Civic leaders were split over whether to double down on tourism to compete with Las Vegas or search for new industries to take over.

“Reno is terribly dependent on its tourism base for its economic livelihood,” Bill Eadington, a gaming expert at UNR, told The Los Angeles Times in a 1998 story.

But for anyone who still clung to gaming as the future, the 2007-2009 Great Recession ended that thought.

“That was it. That’s when the cards started falling,” said Brian Bonnenfant, project manager at the Center for Regional Studies at UNR.

The city’s population growth and home prices, once far outpacing national averages, fell back in line. In 2012, a 35-story resort, opened in 1995 as a symbol of Reno’s push to revitalize tourism, filed for Chapter 11 bankruptcy protection.

In response, a new generation of political and business leaders rebranded Reno. Signs promoting casinos and brothels came down at the airport and on taxi signs. Signs promoting the pro-business culture went up.

With Reno’s location and proximity to California, the world’s eighth-largest economy, civic leaders decided in 2012 to recruit businesses in high-tech manufacturing, transportation and e-commerce.

That plan happened to fit nicely with the Tahoe-Reno Industrial Center, where Gilman had a plan to get the park built.

The key: A unique partnership with Storey County.

Storey County had big ambitions to attract new industrial employers. But the county couldn’t afford the growth Gilman proposed.

So under their deal, Gilman and Norman agreed to pay millions upfront to build roads, a fire station and other public services. Gilman said the developers have invested $100 million to prime the industrial park for development.

In what became a 500-page document, Storey County agreed to write special rules to make it easier and faster to build super-sized warehouses and manufacturing plants in the industrial park.

The county also agreed to pay back the developers for the public services they built. Through June 2012, the county owes the developers $47 million, according to an outside audit. It will take the county years to pay back those bills, without interest, through property taxes and fees generated by the industrial park.

When Tesla was looking for sites, Gilman’s industrial park fit the key requirements. It’s just a five-hour drive from Tesla’s Fremont, Calif., plant. It’s near lithium mines. It offers relatively cheap land and privacy.

Storey County also offered a government that moves at the pace of private industry. Musk, the Tesla CEO, said of Nevada: “It’s a real get-things-done state.”

Whitten, the county manager, is a former banker and small-business owner who runs the Storey County government much like an entrepreneur. He views the county staff as practically an extension of Gilman’s development team. “As the industrial park succeeds, the county succeeds,” Whitten said.

Dean Haymore, Storey County’s community development director, has been known to sleep at the Tahoe-Reno Industrial Park to accommodate last-minute concrete pours. Whitten, Haymore and the county fire chief even drove to California once to recruit a small gas company to Gilman’s park.

Haymore captured the county’s unique culture in a July interview with the Reno Gazette-Journal. (He has declined interview requests since the Tesla deal was announced.) “I’m the first one to tell you I don’t like government. I don’t like taxes. I don’t like bureaucracy. We run as a business.”

Gilman’s vision, Reno’s economic strategy and Storey County’s pro-business culture combined to help Nevada beat out bigger, wealthier states for Tesla’s factory. Sandoval says Tesla will change the state forever, but it’s also possible it becomes just the next step in Reno’s quest to become a little bit bigger place in the world.

Gilman said Tesla was already serving as the new anchor at the industrial park. The company’s move is attracting a new wave of companies who want to move in next door.

The park built 14 million square feet of buildings in its first 16 years. In the last quarter of this year, Gilman said, the park will start construction on another 10 million square feet.

And it seems likely that more are coming. Gilman’s phone won’t stop ringing.

“It’s almost unimaginable,” he said. “This morning, I’ve probably had six phone calls. Unprecedented in my 40-year history in the development game.”

— Researcher Rebecca Clifford-Cruz contributed to this report.