

## Inland port not likely in near future

By MELISSAH YANG LAS VEGAS REVIEW-JOURNAL

June 10, 2013 - 7:41am

“Inland ports” — long touted as an economic development strategy for Nevada — were found to be infeasible given the state’s current infrastructure, according to a new report.

The Governor’s Office of Economic Development report said the relative isolation of Nevada’s urban areas rules out inland ports, which are large-scale centers that take in goods from coastal ports by air, road or rail for distribution.

“There was thought that we have all this land, that we’re close to L.A., that maybe it’ll work,” said John Restrepo, principal of Las Vegas-based RCG Economics, which led the study. “Once we started talking to the demand side, the railroad and trucking companies and the third-party logistic companies, then it was obvious it wasn’t going to happen.”

Nevada’s proximity to California, often cited as an indicator of potential for growth, was found to be detrimental. Potential sites in Nevada are too close to ports in Long Beach, San Diego and Oakland to move goods efficiently by rail yet too far for California truckers to make same-day return trips after dropping shipments.

John Boyd of New Jersey-based consulting firm The Boyd Co., which advises companies on selecting manufacturing sites, said Las Vegas would struggle to compete with cities such as Salt Lake City or Phoenix as a hub for shipments from California or Mexico.

“The big competition for Mexican shipments is going to be difficult for Las Vegas because of the gap between Phoenix and Vegas,” Boyd said. “Statistically, those are the two largest metropolitan areas in adjacent states that aren’t directly connected by an interstate.”

Boyd said the creation of Interstate 11 could make Nevada a strategic state in distribution in the future, when more goods are shipped from north to south, rather than east to west. But the proposed I-11 linking Phoenix and Las Vegas still has a long way to go.

The report may come as a disappointment to those hoping for a more diverse Nevada economy.

In 2011, Nevada legislators celebrated the passage of Assembly Bill 182, which required state economic development officials to come up with a plan for inland ports. The new report is a response to that directive.

“This is a step in the right direction to diversifying our economy,” then-Assemblyman Kelvin Atkinson, D-Las Vegas, told a Senate committee in 2011. Atkinson, now a state senator, said inland ports would ease unemployment in Nevada at minimal cost to the state. As proof he pointed to a \$2 billion boost that inland port designation added to the economy around Dallas.

Atkinson couldn’t be reached for comment Friday.

Ray Bacon, executive director of the Nevada Manufacturers Association, also supported inland ports at the same senate hearing, though acknowledging inland ports take time to build.

Two years later, Bacon isn’t surprised about the report’s findings, saying he hasn’t seen much movement on inland ports since passage of AB182.

“Every time we see something that’s tough to do, we walk away,” Bacon said. “I’m sorry, but if we want to make a difference, if we really want to diversify the economy, we have to take on the tough stuff and do them.”

But inland ports aren’t necessary to take advantage of Nevada’s distribution capabilities if the state focuses on making its airports logistics hubs, fulfillment or reverse-logistics centers, said Alan Schlottmann, a University of Nevada, Las Vegas economics professor.

“I get it, logistics and operations aren’t sexy. It’s a guy driving around a warehouse on a truck,” Schlottmann said. “An inland port sounds exciting, but a logistics and operations center can really be a driver in the state.”

Schlottmann said reverse logistics — repair and refurbishing goods for shipment back to customers, for example — could especially take off in Nevada because of the ease of transporting low-weight, high-value electronics by air.

Given that Nevada has two international airports — McCarran International Airport and Reno-Tahoe International Airport — the state could be a real player in logistics and distribution for the West Coast.

Schlottmann said Nevadans shouldn’t despair from reading the report, a sentiment that Restrepo echoed.

But Restrepo insisted that Nevada needs to quickly assess its role in the global supply chain.

“We’re too small of a state to be everything to everybody,” Restrepo said. “We really need to understand what our competitive advantage is, what our sweet spot is, and focus our energy on that.”

Contact reporter Melissa Yang at [myang@reviewjournal.com](mailto:myang@reviewjournal.com) or 702-383-0491. Follow her @MelissahYang.