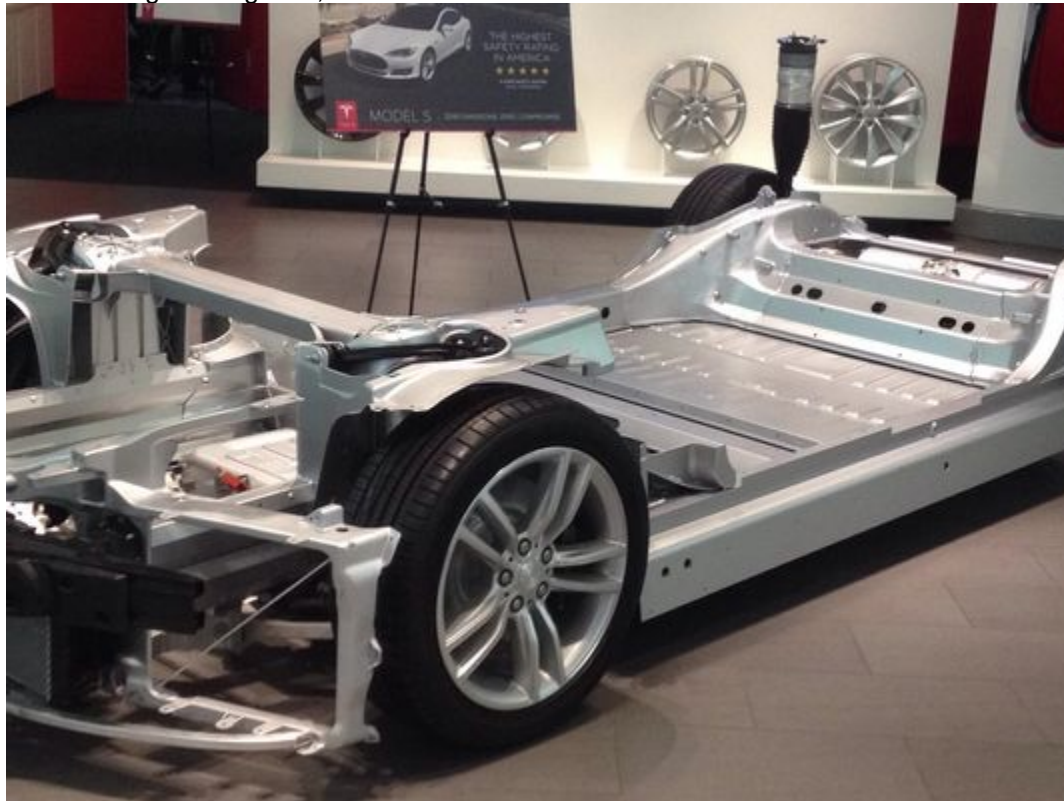


## Tesla electrifies Northern Nevada image

Jason Hidalgo August 3, 2014



(Photo: Ryan Randazzo/Gannett file )

Northern Nevada is not assured of landing Tesla Motors' gigafactory just yet.

For several industrial and site experts, however, the area is already a winner even if Tesla CEO Elon Musk decides to drive his prized battery factory elsewhere.

Tesla officially announced Nevada as a finalist for the gigafactory as part of a letter to shareholders on Thursday. The announcement confirmed work at a Tahoe Reno Industrial Center site first identified by the Reno Gazette-Journal in June following a search of Storey County records.

The fact that Nevada managed to make it as the first finalist named out of heavyweight semifinalists such as money-rich Texas and a suddenly game California is sure to get it noticed among industrial circles nationwide, said John Boyd, a principal of New Jersey-based site selection firm the Boyd Company.

“We’re going against some of the largest economies in the world — I mean, just look at the size of the economies of Texas and California,” said Lance Gilman, principal with the Tahoe Reno Industrial Center. “And here we are and, by God, we’re in the fight. You just gotta love it.”

New Mexico and Arizona are the other semifinalists. Tesla plans to break ground in one or two other finalists before picking a winner.

Add Apple’s decision to locate its latest data center in the region and things are looking golden for the Silver State, Boyd added.

“Reno being in the 24-hour news cycle and talked about with respect to the gigafactory has given the city immeasurable and valuable publicity,” Boyd said. “You don’t have liftoff yet in Reno, but there’s ignition (for the gigafactory). It’s too early to bring out the Champagne bottle, but this is very, very positive news for the region.”

### **A higher gear**

The Tesla announcement builds on Northern Nevada’s growing portfolio of industrial projects. The area is already known as an e-commerce hub thanks to facilities from Amazon.com, Barnes & Noble and Zulily, said Dave Simonsen, vice president of NAI Alliance’s industrial properties group in Reno. The arrival of Apple’s facility at the Reno Technology Park also solidified Northern Nevada’s reputation as a data center location.

When you get entities at the scale of an Amazon or Apple building projects in an area, it can cause a domino effect as other companies piggyback on their research and start looking at the region as well, Simonsen said.

Tesla’s gigafactory is a unique beast and likely won’t attract similar projects like an e-commerce facility or a data center would. Nevertheless, it still will have wide-ranging influence if it gets built in the Reno area, according to Simonsen.

“Tesla’s project is one of a kind, so you’re not going to get 10 other battery companies moving here because of it,” Simonsen said. “But you can still see a benefit as some of its suppliers move here to be closer to the factory.”

The indirect benefits combined with the estimated employee count of 6,500 will also be a boon for the retail sector and businesses tied to housing. These can range from shops and restaurants to sheetrockers, landscapers, electricians and plumbers, Simonsen said.

Boyd believes Nevada should think even bigger if it lands the gigafactory. Although batteries will be the gigafactory's priority, the state should leverage Tesla's position as a leader in a growth area for the auto sector as well.

"I think the focus now for Gov. (Brian) Sandoval and the economic development folks is to put Reno and Northern Nevada on the map as a major player in the auto industry," Boyd said. "The way to do that is job training."

### **A new image**

Since Nevada retooled its economic development engine after the recession, the state has worked closely with its education system to align job training initiatives with the market, said Mike Kazmierski, president and CEO of the Economic Development Authority of Western Nevada.

The reason is simple: To attract companies to Nevada, you must have the necessary workforce.

"The education system has got to be in sync with employers' needs," Kazmierski said. "I can tell you that we have talked to all the players from K-12 to the universities, and they are all ready and willing to make those changes."

Advanced manufacturing continues to be a key focus for economic development in Nevada. One sector that reflects this is the unmanned aerial vehicle industry, which Nevada is working on full throttle after the Federal Aviation Administration picked the state as one of six drone test sites late last year.

Kazmierski expects to make a major announcement in August regarding a drone project. The project is part of about 150 business prospects that EDAWN is working on, half a dozen of which should be announced in the next seven months.

The momentum in unmanned systems combined with the Apple data center and the Tahoe Reno Industrial Center's selection as a gigafactory finalist is steadily helping Northern Nevada shed its image as a poor man's Las Vegas.

"The fact that Reno is being associated with Tesla is huge," Kazmierski said. "It helps our image because we're now being looked at as a business community and not just a tourism community. It certainly makes our marketing efforts a lot easier when we talk with companies and site selection firms."

### **Bumper to bumper**

With EDAWN making between 75 to 100 visits with site selection firms annually, Northern Nevada's stock with industrial players has been growing in recent years.

The Boyd Company, for example, is quite familiar with the Tahoe Reno Industrial Center as well as the speedy and business-friendly environment of Storey County.

“It’s the largest industrial park in the country, so we know it very well,” Boyd said. “We’ve actually looked at it several times in the past few years for clients such as data centers.”

With increased notoriety, however, comes increased competition. Just recently, communities around the country are starting to pass resolutions to expedite zoning as a way to attract high-profile companies such as Tesla, Boyd said. One of those communities is Tucson, Ariz., a competitor for the gigafactory.

“It’s window dressing at this point,” Boyd said. “But people like Elon Musk have made it clear that these things are a priority (for attracting their business).”

Such moves are especially a concern for Nevada, which does not have the financial muscle to overpower states such as Texas or California.

Although such concerns are real for big projects such as the gigafactory, Nevada should continue to retain its advantage with small to medium-size companies, Simonsen said.

“I see other states bending over backwards and bending rules to accommodate a big monster project like Tesla, but I don’t see them doing that for your average business,” Simonsen said. “Life will continue to be difficult for small and medium-size businesses in California who still have to deal with a long list of regulations because they don’t have the ear of legislators or the state.”

Even before Tesla entered the picture, Nevada has been garnering interest from other businesses. Northern Nevada alone has seen a steady decrease in industrial vacancies as more companies relocate to the area while it retains existing businesses as well, Simonsen said.

Then again, interest from a company like Tesla certainly does not hurt, said Dave Schuster, senior vice president of industrial properties for Avison Young’s Reno office.

“There are already other companies looking at the area,” Schuster said. “But just having Northern Nevada as one of the finalists for the gigafactory is giving us good press and validates us on a lot of people’s lists as a great place to do business.”

Of course, getting the whole prize would be the true game-changer. Though Tesla will break ground in multiple sites, the fact that the Reno area is the first to officially see work is an advantage, said Ted Stoeber, vice president of industrial investment for Colliers International’s Reno office.

“It has been apparent in the last few months that Tesla has been playing different municipalities against each other to get the best deal,” Stoeber said. “Sooner rather than later,

though, they will need to start building, and the winner will be whoever is able to deliver — and that's us at this point.”