

Sierra Region Economic Outlook Mid-Year 2011 Business Survey August 2011

**Sponsored by
The College of Business
University of Nevada Reno**



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**Sierra Region Economic Outlook
Mid-Year 2011 Business Survey – August 2011**

TABLE OF CONTENTS

Executive Summary 2

 Background and Objectives 2

 Methodology 3

 Key Highlights 4

Detailed Findings 6

 Overall Economic Outlook 6

 Company’s Outlook for Mid-Year 2011 13

 Current Hot Topic Issues for Mid-Year 2011 16

 Respondent and Company Characteristics 19

 Economic Outlook Index 23

EXECUTIVE SUMMARY

BACKGROUND & OBJECTIVES

Background

The semi-annual Sierra Region Economic Outlook Business Survey has been conducted since 2004; the study was previously called the Greater Reno-Tahoe Economic Outlook Survey and the Northern Nevada Business Outlook Survey.

The survey was originally designed jointly by EDAWN (Economic Development Authority of Western Nevada), the Reno-Sparks Chamber of Commerce, InfoSearch International, and The Glenn Group. In 2009, the sponsorship of the survey shifted to the Center for Regional Studies at the University of Nevada's College of Business in partnership with InfoSearch.

The questionnaire has been updated regularly to keep the content fresh and relevant for business leaders in the region. Eight of the non-demographic items in the current survey date back to 2004 and have been retained to enable longitudinal comparisons. Other items have been added or revised over time to address key or emerging regional issues.

Objectives

The primary objective of the study has been to measure business leaders' opinions about the regional business environment including existing and anticipated economic conditions in the Sierra Region.

For the Mid-Year 2011 study, questions were added to measure business leaders' perspectives about some of the current hot topics of the day such as the tax structure, real estate values, and barriers to economic development in the region.

The annual study also includes an Economic Outlook Index, which is a summary indicator of business leaders' perspectives of the outlook for the regional economy.

METHODOLOGY

The Mid-Year 2011 survey was in the field from July 13 to August 7, 2011. The survey was emailed to 5,771 senior-level business leaders and government leaders in the region. A total of **423** leaders responded to the online survey for a 7.3% response rate.

Over 200 community leaders have responded in each study year, as follows:

- 301 in 2004,
- 391 in 2005,
- 305 in 2006,
- 281 in 2007,
- 235 in 2008,
- 503 in 2009,
- 689 in Mid-Year 2010,
- 525 in Year-End 2010, and
- 423 in Mid-Year 2011.

Unless otherwise specified, the dates in the report reflect year-end data.

In Mid-Year 2011, 43% of respondents identified themselves as either the President/CEO (24%) or business owner (19%). Additional titles of respondents included manager/director (27%), executive (13%), partner (8%), government (4%), and other (5%).

Respondents had memberships in a variety of regional business associations including the Reno-Sparks Chamber of Commerce (46%), Northern Nevada Chamber of Commerce (21%), Nevada Industry Excellence (14%), EDAWN (7%), Northern Nevada Development Authority (7%), Carson City Chamber of Commerce (6%), Association of General Contractors (5%), Nevada Business Connections (5%), Associated Builders & Contractors (3%), Builders Association of Western Nevada (3%), and Churchill Economic Development Authority (2%).

In Mid-Year 2011, about three out of four companies (76%) represented in the survey listed Washoe County as their principle place of business. Other counties represented in the survey included Carson City (12%), Douglas County (3%), Lyon County (2%), Churchill County (2%), and Storey County (1%). Additionally, 2% of respondents were from another county in Nevada, while 2% were from a nearby county in California.

In Mid-Year 2011, about 22% of firms represented in the survey had fewer than 5 employees, 59% had 5 to 99 employees, and 19% had 100 or more employees.

The four industry types with the most respondents in Mid-Year 2011 were professional services (16%), finance, insurance and real estate (16%), manufacturing (13%), and construction (12%).

KEY HIGHLIGHTS

Overall Economic Outlook

- In Mid-Year 2011, the region continued to feel the effects of the economic recession and double-digit unemployment. Over half the business leaders (59%) characterized the overall economic conditions in the Sierra Region as either poor (48%) or very poor (11%). About one-third (36%) described the economic conditions as fair, while only 5% said they were either good or very good.
- In Mid-Year 2011, about 16% of respondents indicated that overall economic conditions in the Sierra Region had improved compared to one year prior, the same percentage as in 2010.
- One out of five respondents (22%) indicated they expected overall economic conditions in the Greater Reno-Tahoe area to improve in the next 12 months, down from 33% in 2010.
- In Mid-Year 2011, the Economic Outlook Index score (67.1) was down slightly from the 2010 score (71.5), perhaps reflecting current stock market volatility and concerns about potentially facing another recession. The Mid Year-2011 score, however, was still higher than both the 2009 (62.8) and 2008 (45.7) scores.

Company Outlook for Mid-Year 2011

- Over half the respondents (53%) indicated that their business or entity was likely to engage in some type of expansion or addition in the next 6 to 12 months, with 35% likely to expand into new markets, 34% likely to add a new product line or service, and 7% likely to purchase or acquire a complimentary business or competitor.
- One out of four (26%) reported that their business was likely to engage in some type of reduction in the next 6 to 12 months, with 20% likely to downsize/consolidate, 5% likely to outsource significant operations, 4% likely to move the business out of the area, 3% likely to sell the business, and 2% likely to go out of business.
- With multiple responses allowed, half the respondents (50%) indicated that, for their business to expand, new employees (should they be hired) would need a Bachelor's degree; 35% said they would need a high school diploma/GED, and 30% said employees would need an Associate's degree or technical school. There was less need for those with less than a high school diploma or more than a Bachelor's degree.
- When asked if their business or entity experienced decreases in revenue due specifically to the end of stimulus spending by the federal government, 15% said they had noticed a decrease over the prior 6 months, 7% had not experienced a decrease

yet but expected to experience one over the next 6 months, and 71% reported that they had not benefited from the stimulus spending.

- Respondents were asked what type of service, business, supply, or industry that they currently need or import from outside the region would have the most immediate positive impact on their revenues. Some of the more common themes centered around wanting: (1) anything that helped the local economy, (2) increased demand for or spending on services/products, (3) decreased costs, (4) more training or employees with specific skill sets, and/or (5) overall job growth.

Current Hot Topic Issues for Mid-Year 2011

- About half the respondents (53%) felt that real estate values would likely bottom out in 2012 or earlier, while the other half (47%) felt that it would be at least 2013 before real estate values would likely bottom out.
- Overall, more respondents would oppose (47%) than support (39%) a tax on services, with the stated assumption that the sales tax rates on retail would be reduced on an equal scale.
- About as many respondents would support (42%) as would oppose (40%) a revenue-neutral change to the tax structure that would switch taxes toward economic outputs. While 26% thought that such a change would enhance new industry growth in the region, slightly more (30%) thought it would hamper it.
- Overall, the most significant barriers to economic development in the region were thought to be issues with access to capital (35% ranked it in the top 3), distressed housing (35%), and lack of skilled labor (35%). Other substantial barriers to economic development included negative perceptions about the region (33%), competition with other regions (30%), lack of leadership (29%), and government regulations (28%).

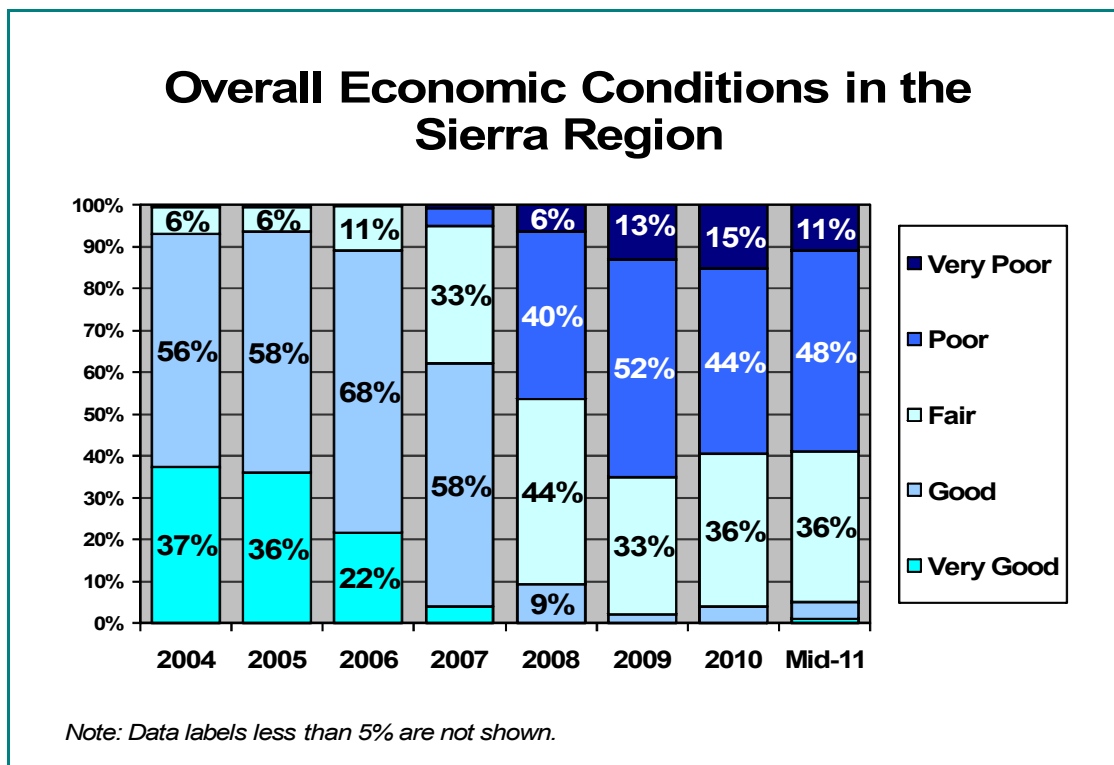
DETAILED FINDINGS

OVERALL ECONOMIC OUTLOOK

How would you rate the overall economic conditions in the Sierra Region?

Economic Conditions	2004 n=300	2005 n=391	2006 n=305	2007 n=280	2008 n=235	2009 n=502	2010 n=523	Mid-11 n=421
Very Good	37.3%	35.9%	21.6%	3.9%	0.0%	0.0%	0.2%	0.5%
Good	55.7%	57.7%	67.5%	58.2%	9.4%	2.4%	4.0%	4.5%
Fair	6.3%	5.9%	10.5%	32.9%	44.3%	32.7%	36.3%	36.3%
Poor	0.3%	0.5%	0.3%	4.3%	40.0%	51.6%	44.4%	47.7%
Very Poor	0.3%	0.0%	0.0%	0.7%	6.4%	13.3%	15.1%	10.9%

- The percentage of respondents who rated the overall economic conditions in the region as either “good” or “very good” (combined) was relatively stable in the first three years of the study – 93% in 2004, 94% in 2005, and 89% in 2006. This percentage dropped to 62% in 2007 and then plummeted to less than 10% from 2008 on, with 9% in 2008, 2% in 2009, 4% in 2010, and 5% in Mid-Year 2011.
- The percentage who rated economic conditions as “very poor” increased from less than 1% in 2004-2007, to 6% in 2008, 13% in 2009, and 15% in 2010; a total of 11% rated the economic conditions as “very poor” in Mid-Year 2011.



In a phrase or sentence, how would you describe the current economic conditions in the Sierra Region?

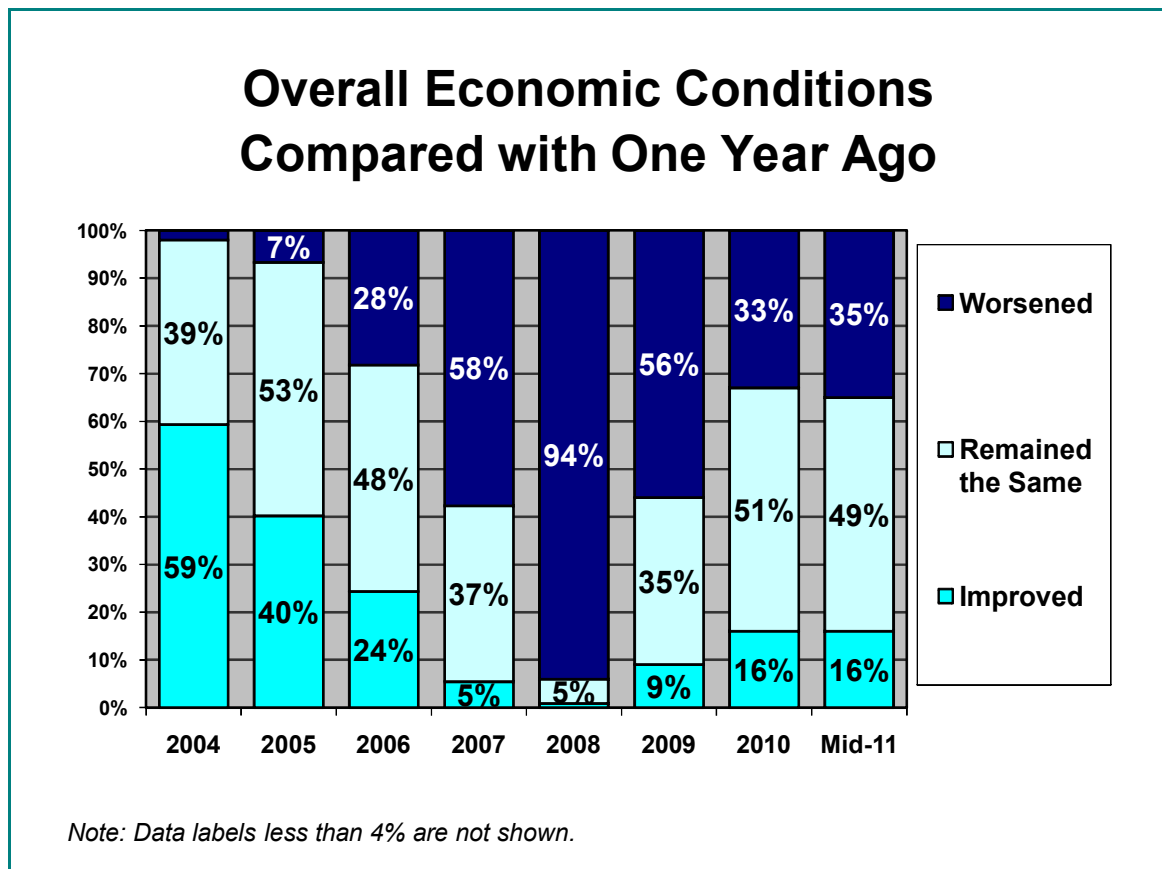
- In Mid-Year 2011, a total of 358 respondents (85%) provided a description of the current economic conditions in the Sierra Region.
- Among those who provided comments, half (49%) described the economy with a downbeat word or phrase, such as “bleak,” “depressed,” “grim,” “struggling,” or “the worst economic conditions I’ve seen in 50+ years.”
- Another 11% described the economic conditions as mixed or uncertain, 5% mentioned construction/housing concerns, while another 2% commented that the economic conditions were affected by a downturn in gaming/tourism or a lack of economic diversity in the area.
- Additionally, 9% mentioned the high unemployment or weak job market as a “top of mind” concern about the area’s economy. For reference, the June 2011 unemployment rate was 13.0% for the Reno-Sparks MSA and 12.4% for the state, compared to 9.3% for the U.S. overall.
- About 13% of respondents reported seeing some signs of improvement or potential in the economy, while another 7% described the conditions as flat or stable.

Current Economic Conditions – Main Themes	Year-End 2010 (n=435)	Mid-Year 2011 (n=358)	Sample Comments from Mid-Year 2011
Bad, Sluggish, Depressed	42.5%	49.2%	“A mess,” “Abysmal,” “Bleak,” “Declining,” “Depressed,” “Faltering,” “Grim,” “Ghost town,” “Painful,” “Shaky,” “Struggling.”
Some Signs of Recovery, Potential	13.3%	12.8%	“Beginning to recover,” “Improving slowly,” “Rough but looking up,” “Turning around.”
Mixed, Uncertain, Cautious	13.8%	12.0%	“Mixed bag,” “Hot and cold,” “Tentative,” “Uneven,” “Unpredictable,” “Unsettled.”
High Unemployment, Job Concerns	12.4%	8.9%	“Not enough jobs,” “Too many people out of work,” “Unemployment is still high.”
Flat, Stable	4.1%	7.0%	“Slow but steady,” “Still very flat,” “Level,” “Stable,” “Sliding sideways,” “Static.”
Construction, Housing Concerns	6.2%	5.3%	“No construction,” “Too many homes on the market,” “Housing is still declining.”
Affected by Gaming/Tourism, Lack of Diversity	3.7%	1.7%	“Need infusion of new industries,” “Lacking in diversity,” “Reliant on gaming industry.”
Other	3.9%	3.1%	“No real cohesive plan for improvement,” “People are still afraid to spend money.”

Compared with a year ago, have overall economic conditions in the Sierra Region improved, remained about the same, or worsened?

Compared to a Year Ago	2004 n=300	2005 n=388	2006 n=305	2007 n=279	2008 n=234	2009 n=501	2010 n=524	Mid-11 n=419
Improved	59.3%	40.2%	24.3%	5.4%	0.9%	9.2%	16.4%	16.0%
Remained the Same	38.7%	53.1%	47.5%	36.9%	5.1%	34.5%	51.0%	48.7%
Worsened	2.0%	6.7%	28.2%	57.7%	94.0%	56.3%	32.6%	35.3%

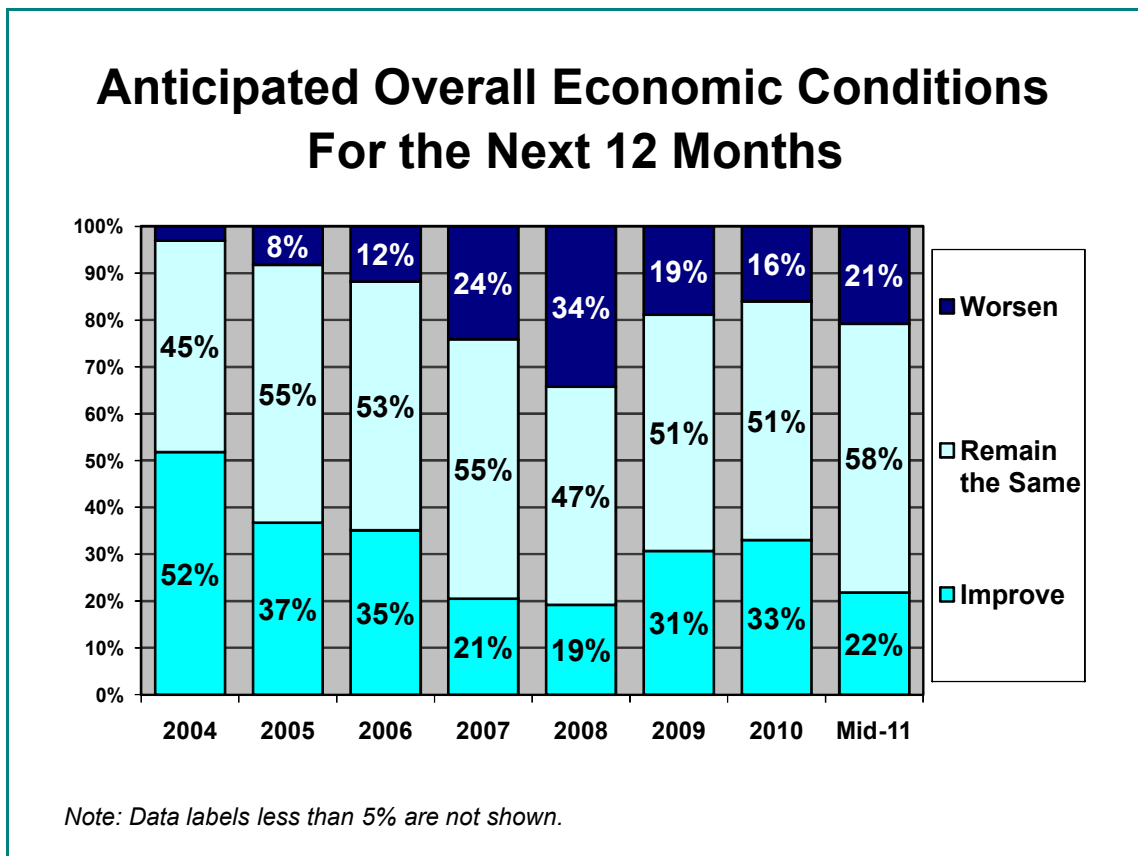
- In Mid-Year 2011, 16% of respondents indicated that overall economic conditions in the Sierra Region had improved compared to one year prior, which is the same percentage as Year-End 2010.
- Nearly half the respondents (49%) reported that overall economic conditions had remained about the same, similar to Year-End 2010 (51%).
- The sense that regional economic conditions were getting worse appears to have peaked in 2008, when 94% of respondents reported that conditions had worsened, compared to 58% the year before in 2007, 56% the year after in 2009, 33% in Year-End 2010, and 35% in Mid-Year 2011.



In the next 12 months, do you expect the overall economic conditions in the Sierra Region to improve, remain about the same, or worsen?

Expectations for Next 12 Months	2004 n=301	2005 n=391	2006 n=305	2007 n=278	2008 n=234	2009 n=502	2010 n=523	Mid-11 n=419
Improve	51.8%	36.7%	35.1%	20.5%	19.2%	30.5%	32.9%	22.0%
Remain the Same	45.2%	55.1%	53.1%	55.4%	46.6%	51.0%	51.1%	57.5%
Worsen	3.0%	8.2%	11.8%	24.1%	34.2%	18.5%	16.1%	20.5%

- In Mid-Year 2011, 22% of respondents indicated they expected overall economic conditions in the Sierra Region to improve in the next 12 months, down from 33% in 2010 and 31% in 2009.
- Over half the respondents (58%) expected that overall economic conditions would remain about the same. Moreover, about half of the respondents (+/- 8%) in all previous time periods expected the status quo to be maintained.
- About 21% expected regional economic conditions to get worse in the next 12 months, up from 16% at Year-End 2010.



Do you anticipate that the revenues for your firm's operations in the Sierra Region will increase, remain about the same, or decrease during the next 12 months?

Expectations for Revenues*	2004 n=281	2005 n=368	2006 n=291	2007 n=280	2008 n=224	2009 n=487	2010 n=504	Mid-11 n=408
Increase	73.2%	70.4%	66.3%	47.4%	24.6%	36.3%	37.5%	29.7%
Remain the Same	23.7%	25.0%	25.8%	34.2%	38.8%	43.7%	41.9%	49.3%
Decrease	3.1%	4.6%	7.9%	18.4%	36.6%	19.9%	20.6%	21.1%

*Excludes respondents for whom revenue "does not apply."

- At Mid-Year 2011, 30% of respondents anticipated that their firm's revenues would increase during the next 12 months, down from 38% in 2010 and 36% in 2009.
- About 49% anticipated their firm's revenues would remain about the same, up from 42% in 2010 and 44% in 2009.
- At both Mid-Year 2011 and Year-End 2010, about one out of five respondents (21%) expected their firm's revenues to decrease.

Do you anticipate that the total capital expenditures for your operations in the Sierra Region will increase, remain about the same, or decrease during the next 12 months?

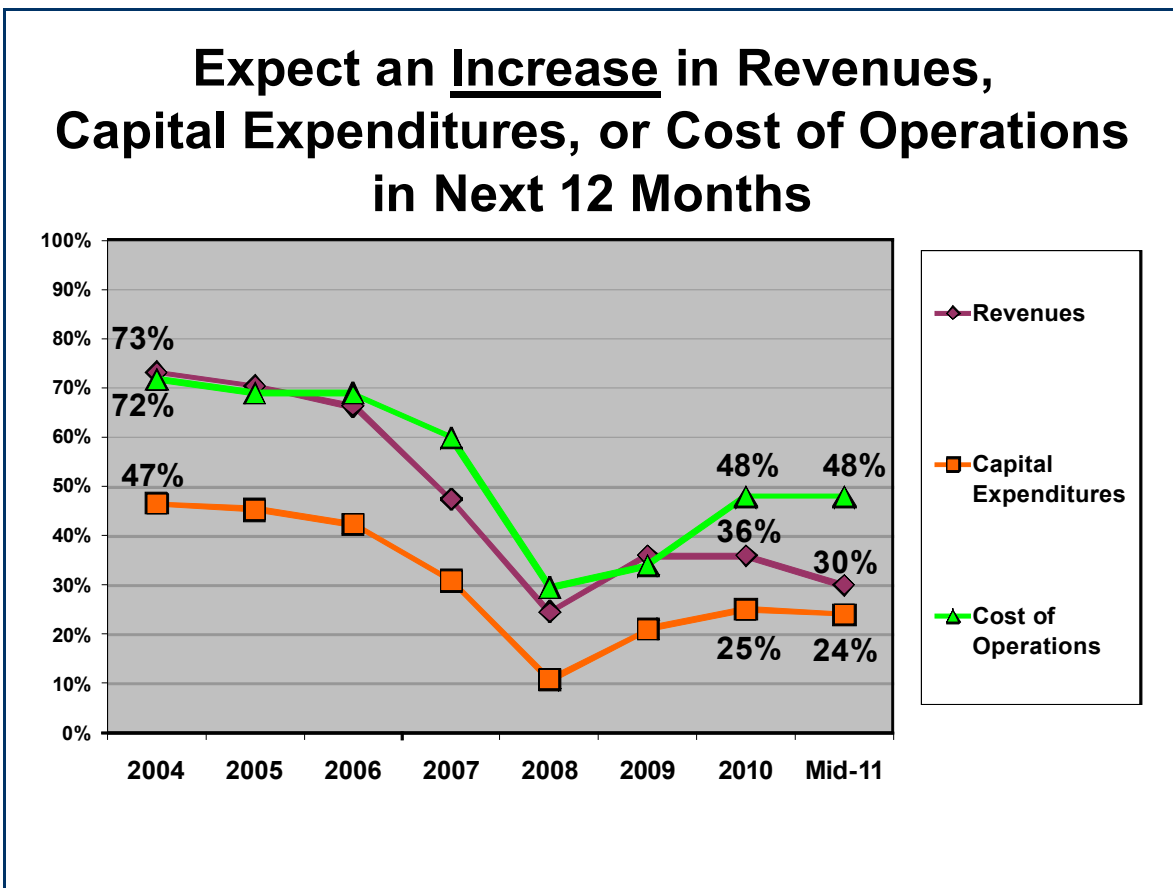
Expectations for Capital Expenditures	2004 n=294	2005 n=386	2006 n=304	2007 n=278	2008 n=232	2009 n=500	2010 n=513	Mid-11 n=418
Increase	46.5%	45.3%	42.4%	30.9%	10.8%	21.0%	25.1%	24.2%
Remain the Same	45.8%	44.0%	47.0%	49.3%	42.2%	47.4%	52.4%	50.7%
Decrease	7.7%	10.6%	10.5%	19.8%	47.0%	31.6%	22.4%	25.1%

- At Mid-Year 2011, 24% of respondents anticipated that their firm's capital expenditures would increase during the next 12 months, 51% anticipated their firm's capital expenditures would remain about the same, and 25% reported that their firm's capital expenditures were likely to decrease.
- The results are similar to those found at Year-End 2010.

Do you anticipate that your cost of operation will increase, remain about the same, or decrease during the next 12 months?

Expectations for Operational Costs	2004 n=300	2005 n=391	2006 n=305	2007 n=279	2008 n=234	2009 n=497	2010 n=515	Mid-11 n=419
Increase	71.7%	68.9%	68.9%	59.9%	29.5%	34.0%	48.2%	48.0%
Remain the Same	26.7%	29.3%	28.2%	31.5%	46.6%	50.3%	44.7%	41.8%
Decrease	1.7%	1.8%	3.0%	8.6%	23.9%	15.7%	7.2%	10.3%

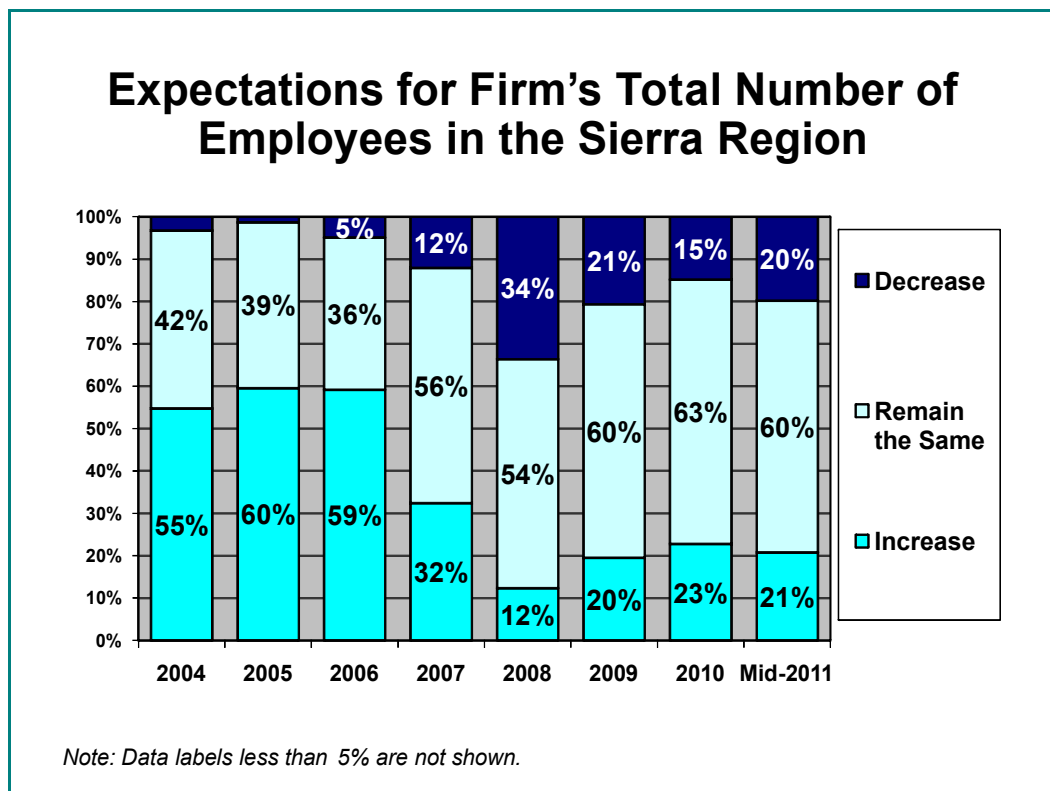
- At Mid-Year 2011, nearly half (48%) of respondents expected their firm’s cost of operations to increase; this was the same as Year-End 2010 (48%). Additionally, in Mid-Year 2011, 42% said it would remain the same and 10% thought it would decrease.
- As shown in the chart below, overall the percentage of respondents who expected an increase in capital expenditures and/or the cost of operations was stable compared to Year-End 2010, although the percentage who expected an increase in revenues dropped.



Do you expect that your firm's total number of employees in the Sierra Region will increase, remain about the same, or decrease during the next 12 months?

Total Number of Employees	2004 n=300	2005 n=391	2006 n=304	2007 n=281	2008 n=235	2009 n=498	2010 n=515	Mid-11 n=418
Increase	54.7%	59.6%	59.2%	32.4%	12.3%	19.5%	22.9%	20.8%
Remain the Same	42.0%	39.1%	35.9%	55.5%	54.0%	59.8%	62.5%	59.6%
Decrease	3.3%	1.3%	4.9%	12.1%	33.6%	20.7%	14.6%	19.6%

- At Mid-Year 2011, about the same percentage of respondents thought that their firm's total number of employees in the Sierra Region would increase (21%) as thought it would decrease (20%); however, the majority (60%) expected that their firm's total number of employees would remain about the same.
- The percentage that expected a reduction in their firm's total number of employees was up slightly from Year-End 2010 (15%) to Mid-Year 2011 (20%); the Mid-Year 2011 results are similar to the Year-End 2009 findings.



COMPANY'S OUTLOOK FOR MID-YEAR 2011

In the next 6 to 12 months, are you or your entity likely to [take the following business actions]? (Please check all that apply.)

Business Expansions/Additions Likely to Happen in Next 6-12 Months	Mid-Year (n=689)	Year-End (n=525)	Mid-Year (n=423)
Expand into new market areas	37.3%	35.4%	34.8%
Add a new product line or service	29.5%	35.8%	34.3%
Purchase/acquire a complimentary business or a competitor	8.1%	7.0%	6.6%
One or more of the above 3 actions	50.1%	53.5%	52.7%

- Over half the respondents (53%) indicated that their business was likely to engage in some type of expansion or addition in the next 6 to 12 months, with 35% likely to expand into new markets, 34% likely to add a new product line or service, and 7% likely to purchase or acquire a complimentary business or competitor. About 19% indicated that they were considering doing at least two of these activities.
- The percentages were similar to those found at Year-End 2010, even though in the prior survey, the question asked whether these actions were "being considered" rather than "likely."

Business Reductions Likely to Happen in Next 6-12 Months	Mid-Year (n=689)	Year-End (n=525)	Mid-Year (n=423)
Downsize/consolidate your business	23.1%	20.2%	19.9%
Outsource significant operations	4.6%	4.0%	5.4%
Move the business out of the area	4.4%	2.7%	3.5%
Sell your business	3.8%	2.7%	3.1%
Go out of business	5.5%	4.2%	2.4%
One or more of the above 5 actions	31.5%	27.0%	26.0%

- With multiple responses allowed, about one out of four respondents (26%) indicated that their business was likely to engage in some type of reduction in the next 6 to 12 months, with 20% likely to downsize and/or consolidate, 5% likely to outsource significant operations, 4% likely to move the business out of the area, 3% likely to sell their business, and 2% likely to go out of business. About 6% of respondents indicated that they were likely to do 2 or more of these activities.

What levels of educational attainments would be required of new employees to expand your business/entity? (Please check all that apply.)

Level of Education Required of New Employees to Expand Business/Entity	Mid-Year 2011 (n=423)
Less than high school diploma	2.4%
High school diploma or GED	34.8%
Associate of arts or technical school	30.3%
Bachelor's degree	49.6%
Master's degree	14.4%
Ph.D., medical school degree, or law degree	5.4%
Other	6.4%

- With multiple responses allowed, half the respondents (50%) indicated that, for their business to expand (and if they were hiring), new employees would need to have a Bachelor's degree.
- Another 35% said new employees would need a high school diploma/GED and 30% would need employees with an Associate degree or technical school.
- There wasn't as much need for those with either less than a high school diploma (2%) or more than a Bachelor's degree (14% Masters and 5% Ph.D./medical school/law degree).

Are you or your entity experiencing decreases in revenue due, specifically, to the end of stimulus spending by the federal government?

Experiencing Decreases in Revenue Specifically Due to End of Stimulus Spending by Federal Government	Mid-Year 2011 (n=419)
Yes, I/we have noticed a decrease over the last 6 months	14.8%
Not yet, but I/we expect decreases over the next 6 months as a result	6.9%
No, I/we did not benefit from the stimulus spending	70.9%
Don't know	7.4%

About 15% of respondents indicated that they have noticed a decrease in revenue specifically due to the end of stimulus spending and another 7% expected a decrease in

revenues over the next 6 months. The majority of respondents (71%) reported that they had not benefited from the federal government's stimulus spending.

For your specific entity, what type of service, business, supply, or industry that you currently need or import from outside the region would have the most immediate positive impact on your entity's revenues? (open-ended)

A total of 192 respondents (45%) provided usable responses (excluding not applicable or don't know type comments). There was no clear pattern of responses, although some of the more common themes centered around wanting: (1) anything that helped the local economy, (2) increased demand for or spending on services/products, (3) decreased costs, (4) more training or employees with specific skill sets, and/or (5) overall job growth.

A sample list of 26 specific comments shows the diversity of responses to this open-ended question:

1. Additional wholesale bakery suppliers would help.
2. An increase of corporate jet owners moving to our area.
3. Banking cooperation on all levels.
4. Better freight rates.
5. Companies which are politically astute.
6. Creative people.
7. Electronics and military.
8. Encryption tech.
9. Flowers, I have to buy out of country.
10. High level human capital.
11. More corporate headquarters.
12. More people/flights to the region.
13. Pet distributors.
14. Price reduction on steel pipe and related materials.
15. Probably the paper industry.
16. Product testing.
17. Qualified technical sales people and engineers.
18. Raw materials, plastic.
19. Skateboard parks, competitions, demos by pros.
20. Suppliers for fabrics/vinyls.
21. Support for agriculture.
22. Utilization of local rail yard.
23. Various legal disciplines.
24. Warehousing.
25. Water/wastewater technology & engineering support.
26. Wood cabinet manufacturing.

CURRENT HOT TOPICS FOR MID-YEAR 2011 (New Questions)

When do you feel the real estate values are most likely to “bottom out”?

Perception of When Real Estate Values are Most Likely to Bottom Out	Mid-Year 2011 (n=419)
This summer	7.6%
6 more months	17.4%
A year from now	27.7%
2013	26.0%
2014 or later	21.2%

- About half the respondents (53%) felt it was likely that real estate values would bottom out prior to or in 2012, with 8% indicating they would bottom out this summer, 17% saying in 6 more months, and 28% saying a year from now.
- The other half (47%) felt that it would be 2013 (26%) or even later (21%) before real estate values would bottom out.

Would you support a tax on services to broaden the tax base if the sales tax rates on retail are reduced on an equal scale?

Support or Oppose a Tax on Services If Sales Tax Rates on Retail Reduced on Equal Scale	Mid-Year 2011 (n=419)
Definitely support	13.6%
Lean towards supporting	25.8%
Lean towards opposing	16.2%
Definitely oppose	30.8%
Don't know	13.6%

- About 39% indicated they would support a tax on services if the sales tax rates on retail were reduced on an equal scale; 14% would definitely support it and another 26% leaned towards supporting it.
- About 47% reported they would oppose such a tax; 31% would definitely oppose it and another 16% leaned towards opposing it.

- Overall, more would oppose (47%) than support (39%) such a tax, with another 14% saying they did not know.

Nevada’s current tax structure taxes business start-ups and expansions through sales taxes on equipment, property taxes, and payroll taxes. Would you support or oppose a revenue-neutral change to the tax structure by switching the taxes towards economic output (profits and income)?

Support or Oppose a Revenue-Neutral Change to Tax Structure by Switching Taxes Towards Economic Outputs	Mid-Year 2011 (n=421)
Definitely support	16.2%
Lean towards supporting	25.4%
Lean towards opposing	21.6%
Definitely oppose	18.3%
Don’t know	18.5%

- About 42% indicated they would support a revenue-neutral change to the tax structure that would switch taxes toward economic outputs; 16% would definitely support it and another 25% leaned towards supporting it.
- About 40% indicated they would oppose such a tax; 18% would definitely oppose it and another 22% leaned towards opposing it.
- Roughly, about as many people would support (42%) as would oppose (40%) this type of tax, with another 19% indicating they did not know.

In general, do you think a change to Nevada’s tax structure mentioned above, if implemented, would enhance, hamper or have limited/no impact industry growth in the region?

Perceived Impact if Changes to Tax Structure Mentioned Above were Implemented	Mid-Year 2011 (n=419)
Enhance new industry growth in the region	26.0%
Hamper new industry growth in the region	30.1%
Have very limited or no impact on industry growth in the region	21.0%
Don’t know	22.9%

- While 26% thought that the change to Nevada’s tax structure suggested above would enhance new industry growth in the region, slightly more (30%) thought it would hamper new industry growth. Another 21% thought it would have very

limited or no impact on industry growth in the region, and 23% reported that they did not know what the impact would likely be.

Please rank 1 through 3 the top 3 most significant barriers to economic development in our region.

Most Significant Barriers to Economic Development in Region (Sorted by Percentage who Ranked Item in Top 3)	Ranked	Ranked	Ranked	Ranked
Access to capital	15.1%	9.6%	10.1%	34.8%
Distressed housing	15.1%	11.8%	7.8%	34.7%
Lack of skilled labor	12.8%	12.1%	9.8%	34.7%
Negative perceptions about the region	8.3%	10.3%	14.6%	33.2%
Competition with other regions	9.6%	10.3%	9.8%	29.7%
Lack of leadership	11.3%	9.3%	8.6%	29.2%
Government regulation	10.8%	10.8%	6.3%	27.9%
K-12 education curriculum	5.0%	7.1%	7.1%	19.2%
Lack of higher education engagement	3.8%	6.3%	7.6%	17.7%
Nevada's tax structure	3.8%	5.0%	5.8%	14.6%
Energy rates	2.0%	3.3%	5.3%	10.6%
Other (specify)	3.8%	2.3%	4.8%	10.4%

- A total of 397 respondents (94%) provided usable responses. Overall, respondents indicated that the most significant barriers to economic development in the region were access to capital (35% ranked it in the top 3), distressed housing (35%), and lack of skilled labor (35%).
- Over one out of four indicated that significant barriers to economic development included negative perceptions about the region (33% ranked it in top 3), competition with other regions (30%), lack of leadership (29%), and government regulation (28%).
- Less than 20% indicated that significant barriers to economic development included K-12 education curriculum (19%), lack of higher education engagement (18%), Nevada's tax structure (15%), and energy rates (11%).
- Some of the "other" issues that were written in by respondents included having three governments in one valley, a strong reliance on the casino/tourism industry, education issues other than the curriculum and/or engagement, the relatively small population/customer base, and general uncertainty or hesitation moving forward.

RESPONDENT AND COMPANY CHARACTERISTICS

Which title most closely represents your position?

Job Titles	2004 n=299	2005 n=391	2006 n=293	2007 n=281	2008 n=234	2009 n=500	2010 n=525	Mid-11 n=419
President or CEO	22.7%	20.7%	24.9%	20.3%	21.4%	24.2%	25.2%	24.1%
Owner of business	14.7%	11.8%	15.7%	12.5%	12.8%	25.8%	25.0%	19.1%
Executive	26.8%	27.4%	26.3%	18.1%	14.5%	14.6%	7.6%	13.4%
Manager/Director*	20.4%	24.5%	26.3%	34.9%	38.9%	23.2%	26.7%	27.2%
Partner	7.7%	3.3%	6.8%	3.2%	3.4%	5.2%	6.9%	7.9%
Government	n/a	n/a	n/a	n/a	n/a	1.4%	2.3%	3.8%
Sales/Account Exec**	n/a	n/a	n/a	3.2%	3.0%	1.6%	1.5%	0.7%
Other	7.7%	12.3%	n/a	5.3%	6.0%	4.0%	5.0%	3.8%

*Includes "Supervisor" in 2004 and 2005

** Coded from "other" category

- In Mid-Year 2011, 43% of respondents identified themselves as either the President/CEO (24%) or the owner of a business (19%).
- Other titles of respondents included executive (13%), manager/director (27%), and partner (8%).
- Additionally, 4% were in a government position, 1% of respondents were sales/account executives, and 4% had other titles.

Of which of the following groups are you currently a member? (Multiple responses allowed.)

Membership in Regional Business Organizations that Supplied Source*	Year-End 2010 (n=525)	Mid-Year 2011 (n=423)
Reno-Sparks Chamber of Commerce	45.7%	46.1%
Northern Nevada Chamber of Commerce	26.7%	21.0%
Nevada Industry Excellence	3.2%	13.5%
Northern Nevada Development Authority	13.5%	7.3%
EDAWN	19.2%	6.6%
Carson City Chamber of Commerce	10.5%	5.9%
Association of General Contractors	13.1%	5.4%
Nevada Business Connections	5.5%	4.7%
Builders Association of Western Nevada	13.5%	3.3%
Associated Builders & Contractors	8.4%	2.8%
Churchill Economic Development Authority	2.3%	2.1%

*In Mid-Year 2011, membership was based on source lists rather than a survey question.

- In Mid-Year 2011, nearly half the respondents (46%) were members of the Reno-Sparks Chamber of Commerce.
- With multiple responses allowed, other regional business organizations with members who responded to the survey included the Northern Nevada Chamber of Commerce (21%), Nevada Industry Excellence (14%), Northern Nevada Development Authority (7%), EDAWN (7%), Carson City Chamber of Commerce (6%), and the Association of General Contractors (5%).
- Other organizations represented included Nevada Business Connections (5%), Builders Association of Western Nevada (3%), Associated Builders & Contractors (3%), and Churchill Economic Development Authority (2%).

NOTE: The following results for company size, type of industry, and principle place of business are reported by business entity rather than by respondent. In Mid-Year 2011, the 423 respondents were from 370 unique business entities; respondents who were retired or did not provide a business name were excluded.

How many persons are employed by your entity?

Number of Employees	Year-End 2010		Mid-Year 2011	
	Companies Responding to Survey		Companies Responding to Survey	
Less than 5 (including Sole Proprietor)	147	31.1%	91	24.7%
5-9 Employees	74	15.7%	62	16.8%
10-19 Employees	71	15.0%	53	14.4%
20-49 Employees	77	16.3%	70	19.0%
50-99 Employees	36	7.6%	33	9.0%
100-249 Employees	30	6.4%	28	7.6%
250-499 Employees	10	2.1%	14	3.8%
500-999 Employees	7	1.5%	4	1.1%
1,000+ Employees	20	4.2%	13	3.5%
Total	472	100.0%	368	100.0%

- In Mid-Year, out of four firms represented in the survey (25%) had fewer than 5 employees, over half (59%) had 5 to 99 employees, and 16% had 100 or more employees.
- In both Washoe County and the 6-county region (Carson City, Churchill, Douglas, Lyon, Storey, and Washoe), only about 2% of companies actually have 100 or more employees. It appears that respondents from larger firms were proportionately more likely to respond to the survey, perhaps because they were more likely to be on the source list.

What is your industry or business sector?

Industry or Business Sector	Year-End 2010		Mid-Year 2011	
	Companies Responding to Survey		Companies Responding to Survey	
Professional Services	80	16.9%	66	17.8%
Finance, Insurance, & Real Estate	69	14.6%	61	16.5%
Manufacturing	53	11.2%	48	13.0%
Construction	74	15.6%	44	11.9%
Education, Health, & Social Services	36	7.6%	34	9.2%
Other Services	55	11.6%	28	7.6%
Retail Trade	27	5.7%	26	7.0%
Entertainment, Accom., & Food Serv.	21	4.4%	19	5.1%
Government	13	2.7%	16	4.3%
Transportation & Utilities	13	2.7%	13	3.5%
Information	12	2.5%	10	2.7%
Wholesale Trade	4	0.8%	8	2.2%
Management & Admin. Services	6	1.3%	3	0.8%
Agriculture & Forestry	4	0.8%	2	0.5%
Mining	6	1.3%	0	0.0%
Unknown	1	0.2%	2	0.5%
Total	474	100.0%	370	100.0%

- In Mid-Year 2011, the four industry types with the most respondents were professional services (18%), finance, insurance and real estate (17%), manufacturing (13%) and construction (12%).

What county is your principle place of business?

County of Principle Place of Business	Year-End 2010 Survey		Mid-Year 2011	
	Companies Responding to Survey		Companies Responding to Survey	
Washoe County	350	73.8%	275	74.3%
Carson City	47	9.9%	46	12.4%
Douglas County	14	3.0%	9	2.4%
Churchill County	11	2.3%	7	1.9%
Lyon County	12	2.5%	6	1.6%
Storey County	7	1.5%	4	1.1%
Another Nevada County	6	1.3%	9	2.4%
A California County	8	1.7%	6	1.6%
Unable to provide, blank	19	4.0%	8	2.2%
Total	474	100.0%	370	100.0%

- In Mid-Year 2011, three out of four companies (74%) represented in the survey listed Washoe County as their principle place of business; this is the same percentage as in Year-End 2011.
- Other counties represented in the survey in Mid-Year 2011 included Carson City (12%), Douglas County (2%), Churchill County (2%), Lyon County (2%), and Storey County (1%).
- Additionally, 2% of respondents were from another Nevada County and 2% were from a nearby California County.

ECONOMIC OUTLOOK INDEX (EOI)

The Sierra Region's Economic Outlook Index (EOI) was designed to measure and track the change in the local economic outlook over time. The methodology used mirrors a national methodology and is based upon six components, which are scored as the percent giving favorable responses (e.g., "increased"), minus the percent unfavorable (e.g., "decreased"), plus 100. The total component score is the sum of the six components.

The EOI was established with the baseline 2004 survey at 100.0. Over time, the index has gone up or down, based upon each time period's total component score as a percentage of the baseline score. The economic outlook index appears it may have "hit bottom" in 2008, after four years of decline. At Mid-Year 2011, the index was 67.1, which was down slightly from 2010 (71.5), but higher than both the 2008 score (45.7) and 2009 score (62.8).

Sierra Region's EOI Components	2004 Scores	2005 Scores	2006 Scores	2007 Scores	2008 Scores	2009 Scores	2010 Scores	Mid-11 Scores
Current Economic Conditions	157	134	96	48	7	53	84	81
Expected Economic Conditions	149	128	123	96	85	112	117	101
Expected Revenue Growth	170	166	158	129	88	99	117	109
Expected Capital Expenditures	139	135	132	111	64	89	103	99
Expected Cost of Operations	170	167	166	151	106	116	141	138
Expected Change in Employees	151	158	154	120	79	118	108	101
Total Component Score	936	888	830	656	428	588	670	628
Sierra Region's EOI	100.0	94.9	88.7	70.1	45.7	62.8	71.5	67.1

