



## Model for Nevada's economic success thrives in Utah

By Bill O'driscoll • bodriscoll@rgj.com • January 30, 2011

An economic development success story out of Utah is coming Northern Nevada's way this week.

But while recession-weary Nevada likely doesn't have the money to emulate its success, there are steps that can be taken now that could reap rewards years down the road.

That's what Nevada business leaders see in the Utah Science Technology and Research initiative, or USTAR, a legislatively funded project that leverages Utah's research universities to create and commercialize technology, which in turn generates tech-based startup companies.

And that's what Ted McAleer, USTAR executive director, will convey to business leaders and others at the Directions 2011 economic forum on Thursday in Reno.

"It is a journey," McAleer said in an interview last week from his Salt Lake City office. "The time frame we were in in 2005 was revenue surplus. But even in recession, the key is, don't wait to initiate a program. There may be a way to find startup money or get a grant to at least build a comprehensive business plan."

In 2005, the Utah Legislature, convinced by a united business and public sector front, committed \$350,000 in startup funds. With more than \$200 million in subsequent appropriations, USTAR by fiscal 2010 had far surpassed what its creators envisioned, including:

- » Six new companies created, more than double projections.
- » 87 invention disclosures filed, 189 percent of projections.
- » More than \$44 million in out-of-state research funding, 185 percent of projections.
- » An estimated 1,984 jobs created, 106 percent of projections, including more than 800 in the c

onstruction of USTAR buildings, including the 110,000-square-foot BioInnovations Building opened last fall on the Utah State University campus in Logan.

Additionally, nearly three dozen researchers have migrated to Utah State and the University of Utah from Harvard, MIT, UCLA and other schools, according to USTAR.

### Bringing it home

The program's success has the attention of business leaders in Nevada, where 14.5 percent unemployment as of December is tops in the nation and officials scramble to find ways to turn the economy around.

They point to similarities between Nevada and Utah in population and other aspects and ask, could USTAR be done here?

"There's no doubt in my mind a structure like USTAR could work well in Nevada," said Lt. Gov. Brian Krolicki, who chairs the state Commission on Economic Development.

He cites elements of USTAR-like activity already in place, notably the Desert Research Institute, as well as the Nevada Seismological Laboratory and new Center for Molecular Medicine and Whittemore Peterson Institute for Neuro-Immune Disease on the University of Nevada, Reno campus.

"Our universities do great research, but not with a

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focus on applied research, meaning jobs. It's more theoretical," Krolicki said. "There needs to be a cohesive effort. It's not happening now in a well-coordinated manner."

UNR President Milton Glick said Utah and Washington are two states with its universities taking the lead in "creating critical mass in selected areas" that has resulted in creating jobs.

All agree that two key cogs in any business plan -- funding and cooperation among the private and public sectors -- are the greatest challenges.

Already facing a multibillion-dollar deficit, the 2011 Legislature, which opens on Feb. 7, will be confronted with needs just to get through the coming biennium, much less the next decade.

But in his State of the State address last week, Gov. Brian Sandoval hinted at heightened attention he'll put on Nevada's recession-pinch business sector.

Sandoval did not cite USTAR per se but proposed a 50 percent boost in funding for the Economic Development Commission and a \$10 million Catalyst Fund to help close business deals, finance infrastructure and create new jobs.

### Patience is key

For his part, Krolicki points to the state's unclaimed property fund, currently in the \$50 million to \$70 million range, as a potential pool of money in the name of economic development, including a USTAR-like initiative.

Whether lawmakers, facing withering revenues and staggering needs, agree will remain unclear until the final 2011-13 budget is approved this spring.

What's clear now, officials say, is that no plan, whether in parts or gelled into a cohesive version of USTAR, will heal Nevada's economic ills overnight.

"This is not a microwave oven solution," said Chuck Alvey, CEO of the Reno-based Economic Development Authority of Western Nevada. "Their (USTAR) model is out over 10 years, then it takes off. I think it would work if people understand it will take time, ... and that we've all got to sit down together and think of ourselves as a university."

But at a minimum, Nevada should begin the process now even if the money isn't there, Alvey said.

adding, "If you don't make the investment, it's hard to make it work."

Rob Hooper, executive director of the Northern Nevada Development Authority in Carson City, preaches patience.

"It's not a short road, but if we don't start now, we'll never get there," he said.

McAleer agreed, saying getting the wheels rolling, however slowly, will help the state when the economy eventually recovers.

"We used that \$350,000 study grant to gather 150, 200 people from all over the state," he said of USTAR's beginnings. "Within six months, we presented a prospectus to the Legislature. We built teams. We really did have a joint venture, and now, we're growing new business."

McAleer suggested Nevada begin a joint venture using its universities as a "driver of technology-based economic development," and cited the fast-evolving technology in gaming as great start.

"But get it started," he said. "There is something that unifies Nevada, and you've got to find out what that is, and get everyone in on a joint venture."

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The 110,000-square-foot BiInnovations Building opened in the fall on the Utah State University campus in Logan, Utah, as result of the USTAR efforts. (Provided to the Reno Gazette-Journal)

» Education: Heath Morrison, superintendent, Washoe County School District

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**Directions 2011 economic forum**

When: 6:45 a.m. to noon Thursday  
Where: Grand Sierra Resort and Casino, Grand Ballroom, 2500 E. Second St.  
Cost: Members, \$80; nonmembers, \$90; full-time students, \$40.  
Keynote speaker: Ted McAleer, executive director, Utah Science Technology and Research initiative  
Details:  
775-337-3030

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RENO 2020 FORUM, Part II  
The public is invited to participate in a "Reno 2020 Forum," hosted by the Reno Gazette-Journal and the University of Nevada, Reno. The forum is from 4 to 6 p.m. Wednesday at UNR's Lawlor Events Center. This is the second part of a two-part forum. The goal is to develop ideal scenarios for the next 10 years in the areas of economic innovation, green energy, fiscal policy and education in Northern Nevada. Team leaders will present their scenarios and concrete steps to achieve them. Audience questions and feedback will be encouraged. To RSVP, visit [RGJ.com/rsvp](http://RGJ.com/rsvp). Team leaders for each group are:  
» Economic innovation: Darik Volpa, CEO, [understand.com](http://understand.com)  
» Green energy: Tom Clark, director of legislative and regulatory affairs, Holland & Hart LLP  
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