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Brian Sandoval
Governor

James Dzurenda
Director

State of Nevada Department of Corrections

DATE: August 21, 2018
TO: Committee on Industrial Programs
FROM: James E. Dzurenda, Director
SUBJECT: Impact studies for Ink2Work

Silver State Industries (SSI) would like to partner with Ink2Work, LLC, using offender labor for their operations. Ink2Work is in the business of recycling larger printer cartridges for businesses. They currently operate out of Ventura, California; however, they would like to shut down that location. They also operate out of Belmarsh prison in London and Indian Creek Correctional Center in Virginia.

Per NRS 209.459 and 209.461, the Director of the Department of Corrections is required to obtain a detailed written analysis on the estimated impact of the contract on private industry in Nevada. SSI has reached out to the Department of Employment, Training and Rehabilitation (DETR), the Governor's Office of Economic Development, the Department of Business and Industry, and Representatives of organized labor in Nevada.

The written analysis must include, without limitation:

1. The number of private companies in this State currently providing the types of products and services offered in the proposed contract.
2. The number of residents of this State currently employed by such private companies.
3. The number of offenders that would be employed under the contract.
4. The skills that the offenders would acquire under the contract.

Attached are reports and e-mails from the Department of Employment, Training and Rehabilitation (DETR), the Governor's Office of Economic Development (GOED), the Department of Business and Industry, and representatives of organized labor in this State.

DETR has estimated that there are 20,800 office clerks in Clark County. Office clerks earn a mean wage of \$16.94 per hour and a 10th percentile wage of \$9.50 per hour. Ink2Work is projecting it would need one office clerk. Ink2Work is classifying the remainder of their workers as assemblers. DETR estimated that there are 2,880 assemblers and fabricators in Clark County. Assemblers and fabricators receive a mean wage of \$16.48 per hour and a 10th percentile wage of \$9.81 per hour. Ink2Work would like to start with 9 to 14 assemblers.

The Governor's Office on Economic Development (GOED) classified Ink2Work ink cartridge recycling and rebuilding as computer and office machine repair and maintenance. Ten additional jobs in this

category would result in an initial \$515,705 effect, a \$72,027 direct effect, a \$21,679 indirect effect, and a \$226,862 induced effect. This would produce 17 additional jobs in the state, and would result in additional taxes on production and imports of \$36,666 locally, \$29,383 to the state, and \$10,516 federal. Scenario results showed that one job each would be created in the following occupations: retail trade; real estate and rental and leasing; professional, scientific, and technical services; administrative and support and waste management and remediation services; health care and social assistance; accommodation and food services; management occupations; computer and mathematical occupations; food preparation and serving related occupations; transportation and material moving occupations. GOED is projecting two additional jobs with sales and related occupations and with office and administrative support occupations. Installation, maintenance, and repair occupations are projected to have an additional six jobs.

As you can see by the attached e-mail from the Deputy Director of the Department of Business and Industry, their agency does not perform Impact Studies and referred us to DETR. Additionally, organized labor does not have an issue with Ink2Work.

The offenders would learn assembling skills and about remanufacturing ink cartridges, customer service, interpersonal skills, oral communication, diversity, a work ethic, responsibility, dependability, teamwork, strategic thinking, motivation, planning/organizing, professionalism, the importance of quality and quantity, safety and security, adaptability, initiative, etc.

These programs would provide valuable offender job training and would assist the Nevada Department of Corrections with room and board as deductions are taken out of the workers' pay. Additionally, more contributions would be made to the Victims of Crime fund and Prison Industries' Capital Improvement fund. PI's financial position would also be enhanced.

Prison Industries strives to reduce government operating costs, provide offenders the skills necessary to successfully re-enter society, and enhance the safe operation of correctional facilities.

Parameters

Regions

Code	Description
32003	Clark County, NV

Industry Scenario

Code	Description	Change Type	Change Value
811212	Computer and Office Machine Repair and Maintenance	Jobs	10

Input-Output Year

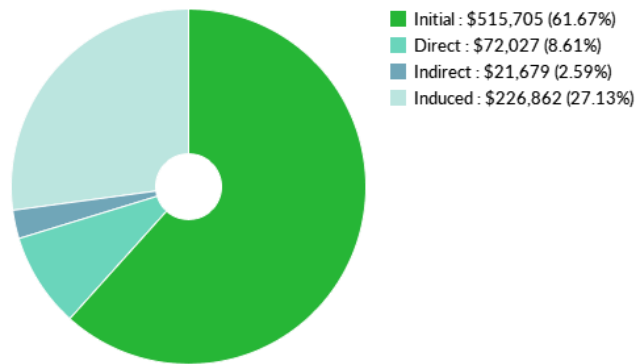
2017

Changes to Computer and Office Machine Repair and Maintenance

\$836,273 Change in Earnings 1.62 Multiplier	17 Change in Jobs 1.68 Multiplier	\$76,566 Change in Taxes on Production and Imports (TPI)
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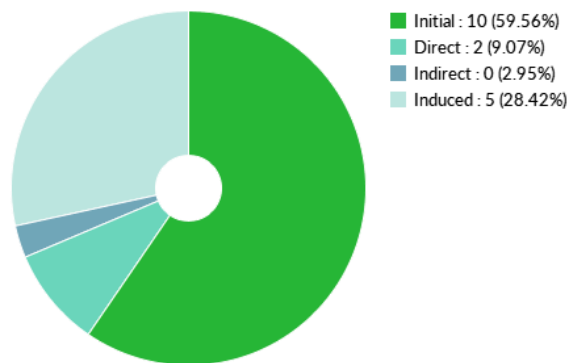
Effect on earnings from adding 10 jobs to Computer and Office Machine Repair and Maintenance

\$515,705 Initial 1.00 Multiplier	\$72,027 Direct 0.14 Multiplier	\$21,679 Indirect 0.04 Multiplier	\$226,862 Induced 0.44 Multiplier
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Effect on jobs from adding 10 jobs to Computer and Office Machine Repair and Maintenance








10 Initial 1.00 Multiplier	2 Direct 0.15 Multiplier	0 Indirect 0.05 Multiplier	5 Induced 0.48 Multiplier
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Effect on taxes on production and imports from adding 10 jobs to Computer and Office Machine Repair and Maintenance

\$36,666 Local	\$29,383 State	\$10,516 Federal
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Scenario Results - Industry

NAICS	Industry	Change in Jobs
11	Agriculture, Forestry, Fishing and Hunting	0
21	Mining, Quarrying, and Oil and Gas Extraction	0
22	Utilities	0
23	Construction	0
31	Manufacturing	0
42	Wholesale Trade	0
44	Retail Trade	1 
48	Transportation and Warehousing	0
51	Information	0
52	Finance and Insurance	0
53	Real Estate and Rental and Leasing	1 
54	Professional, Scientific, and Technical Services	1 
55	Management of Companies and Enterprises	0
56	Administrative and Support and Waste Management and Remediation Services	1 
61	Educational Services	0
62	Health Care and Social Assistance	1 
71	Arts, Entertainment, and Recreation	0
72	Accommodation and Food Services	1 
81	Other Services (except Public Administration)	11 
90	Government	0

Scenario Results - Occupation

SOC	Occupation	Change in Jobs
11-0000	Management Occupations	1 
13-0000	Business and Financial Operations Occupations	0
15-0000	Computer and Mathematical Occupations	1 
17-0000	Architecture and Engineering Occupations	0
19-0000	Life, Physical, and Social Science Occupations	0
21-0000	Community and Social Service Occupations	0
23-0000	Legal Occupations	0
25-0000	Education, Training, and Library Occupations	0
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	0
29-0000	Healthcare Practitioners and Technical Occupations	0
31-0000	Healthcare Support Occupations	0
33-0000	Protective Service Occupations	0
35-0000	Food Preparation and Serving Related Occupations	1 
37-0000	Building and Grounds Cleaning and Maintenance Occupations	0
39-0000	Personal Care and Service Occupations	0
41-0000	Sales and Related Occupations	2 
43-0000	Office and Administrative Support Occupations	2 
45-0000	Farming, Fishing, and Forestry Occupations	0
47-0000	Construction and Extraction Occupations	0
49-0000	Installation, Maintenance, and Repair Occupations	6 
51-0000	Production Occupations	0
53-0000	Transportation and Material Moving Occupations	1 
55-0000	Military-only occupations	0
99-0000	Unclassified Occupation	0

Scenario Results - Demographics

Demographics	Change in Jobs
Female 14-18	0
Male 14-18	0
Female 19-21	0
Male 19-21	0
Female 22-24	0
Male 22-24	0
Female 25-34	1 
Male 25-34	2 
Female 35-44	1 
Male 35-44	3 
Female 45-54	1 
Male 45-54	3 
Female 55-64	1 
Male 55-64	2 
Female 65-99	0
Male 65-99	1 

Data Sources and Calculations

Input-Output Data

The input-output model in this report is Emsi's gravitational flows multi-regional social account matrix model (MR-SAM). It is based on data from the Census Bureau's Current Population Survey and American Community Survey; as well as the Bureau of Economic Analysis' National Income and Product Accounts, Input-Output Make and Use Tables, and Gross State Product data. In addition, several Emsi in-house data sets are used, as well as data from Oak Ridge National Labs on the cost of transportation between counties.

State Data Sources

This report uses state data from the following agencies: Nevada Department of Employment, Training and Rehabilitation, Information Development and Processing Division, Research and Analysis Bureau



Jan. 7, 2019

Dear Terry,

Our team has thoroughly investigated the probability of a remanufacturer operating in the State of Nevada. To the best of our knowledge, we cannot identify such an enterprise.

This finding is consistent with the industry trends. Canon launched their All-In-One cartridge in the mid 1980's. With simple rods governing an electromagnetic reaction in three chambers, the process was simple. Consequently, enterprises could be successful if they collected a few empty cartridge models from a couple of consumers. That model manifested a robust cottage industry populated by thousands of local remanufacturers.

Today, the OEM's collectively offer over 5,000 supply skus. It has become a business favored by scale, and dominated by sophisticated patented technology. Today's market has been shaped by litigation. Humbly stated, Chicago based, Clover Imaging Group has become the largest remanufacturer in the world.

This fact has been corroborated by a comprehensive survey conducted by the www.I-ITC.org and www.Action-Intell.com. They investigated the competitive landscape of the remaining community of US remanufacturers, and discovered that less than 300 US remanufacturers operate in the US. Many of these "remanufacturers" have transitioned their business model to reflect that:

- Less than 50% of the product they sell is the result of their collection of empties for production (remanufacturing) in their facility
- To more than 50% of the product they sell is now imported new build alternatives (not green) from China (not TAA compliant), and merely distributed.

This strategy, and the business model of operating as an unofficial franchisee for Chinese distributors carries significant risk:

- The alleged infringement of Canon's laser toner cartridge patents could be clarified by the U.S. International Trade Commission, www.USITC.gov this Jan. 2019. Some contend that Canon could be awarded another General Exclusion Order (GEO). Regardless of the outcome, many believe that Canon will defend their significant patent portfolio by challenging new build alternatives/counterfeit clone compatibles, and continue to prosecute those resellers that infringe on their IP.

Clover has a history of respecting OEM IP. Our products are thoroughly vetted by a talented team of experienced patent attorneys and engineers. Our partners can be confident that Clover will not expose them to risky liability.

Clover Environmental Services is the largest collector of empty cores in the world. This is the link to our ninth annual Global Sustainability Report that reviews our processes, results and aspirations: [View Email in Browser](#)

FOR ADDITIONAL INFORMATION

please contact your account manager or visit us at cloverimaging.com
2700 W Higgins Road, Suite 100, Hoffman Estates, IL 60169 • Phone 815-431-8100



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As the largest collector, we are also the world's largest broker of empties for the international remanufacturing industry. Through this lens, we can confirm that we have not sold empties to a remanufacturing business in the State of Nevada.

Another indicator is the international membership roster managed by the International Imaging Technology Council, www.I-ITC.org.

The membership is outlined alphabetically here - <http://www.i-itc.org/companies.php>

This list shows that there are no remanufacturers located in Nevada.

I serve on the Board of Directors of the I-ITC.

We appreciate the opportunity to share this information, and continue our strategic partnership with ink2work.

Let me know if you have any questions.

Best,

Steve Noyes | Senior Vice President, Global Accounts and Public-Sector Sales

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FOR ADDITIONAL INFORMATION

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SOC	Occupation	Estimated Employment	Mean Wage	Percentile					Annual Average
				10th	25th	50th	75th	90th	
Ink2Work									
Indian Springs, Clark County									
Las Vegas MSA OES Wages, 2017									
43-9061	Office Clerks, General	20,800	\$16.94	\$9.50	\$11.94	\$16.27	\$21.23	\$25.21	\$35,230
51-2098**	Assemblers and Fabricators, All Other, Including Team Assemblers	2,880	\$15.48	\$9.81	\$11.22	\$13.93	\$18.48	\$24.93	\$32,190

* Not Available for specified area: shown are state estimates

** New 2018 SOC code

N/A: Not available

Source

OES Wage and Employment Data

OES Data comes from the Occupational Employment Statistics program of the U.S. Bureau of Labor Statistics, 2017

Links:

<http://nevadaworkforce.com/>

<https://data.bls.gov/oes/#/home>

OES Description

*The OES survey is a semi-annual mail survey of non-farm establishments. The BLS produces The survey materials and selects The establishments to be

*OES survey samples are drawn from the universe of non-farm employers covered by the State's Unemployment Insurance (UI) system.

*Establishments to be surveyed are selected in order to obtain data from every metropolitan area and State, across all surveyed industries, and from establishments of varying sizes.

*Employees' included are all part-time and full-time workers who are paid a wage or salary. The survey does not cover the self-employed, owners and

Diane Dastal - RE: impact studies

From: "Beverly Williams" <beverlywilliams@teamsters986.org>
To: Diane Dastal <ddastal@doc.nv.gov>
Date: 8/10/2018 10:16 AM
Subject: RE: impact studies

Good Morning Diane,

Sorry for the delay. According to Teamsters International Headquarters the positions listed; Teamsters do not occupy any of the occupations.

Beverly Williams
Teamsters Local 986
Business Representative
300 Shadow Lane
Las Vegas, NV 89106
[702\) 385-0995 ext. 207](tel:7023850995)-office
[702\) 385-4410](tel:7023854410)- fax

From: Diane Dastal [ddastal@doc.nv.gov]
Sent: Thursday, August 09, 2018 5:49 AM
To: Beverly Williams
Subject: RE: impact studies

Good morning Beverly,
Have you been able to get a response yet? I obtained responses from DETR, GOED, and the Department of Business and Industry. Yours is the last one I need to complete. Thank you!

Diane Dastal
Chief of Financial Services
Silver State Industries
Casa Grande Transitional Housing
3955 W Russell Rd
Las Vegas, NV 89118
[702\) 486-9995](tel:7024869995)
[702\) 486-9908](tel:7024869908) fax

Diane Dastal - RE: impact study request

From: Marcel Schaerer <marcelfschaerer@business.nv.gov>
To: Diane Dastal <ddastal@doc.nv.gov>
Date: 8/2/2018 1:24 PM
Subject: RE: impact study request

Good afternoon Diane,

In response to your email, the situation is the same. Business & Industry is not responsible for performing the impact studies.

Regarding Ink2Work, DTER may have that information.

Best,

Marcel F. Schaerer
Deputy Director – Las Vegas
Department of Business & Industry
3300 W. Sahara Avenue, Suite 425
Las Vegas, NV 89102
[\(702\) 486-4492](tel:(702)486-4492)
www.business.nv.gov



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From: Diane Dastal [ddastal@doc.nv.gov]
Sent: Thursday, August 02, 2018 11:01 AM
To: Marcel Schaerer <marcelfschaerer@business.nv.gov>
Subject: impact study request

Good morning,

Prison Industries needs to request impact studies. Per NRS 209.459, Prison Industries is required to obtain information from the Department of Business and Industry on new industries, identifying the potential impacts for the employment of offenders on private employers and labor in this state. Back in September of last year, Prison Industries requested a study from you. You responded that your agency was not responsible for performing the impact studies. If that is still the case, would you please respond to this e-mail that the situation is the same? I am just trying to follow the NRS.

Prison Industries has a potential partner, Ink2Work, that would like to recycle ink cartridges. PI's Ranch would like to raise feeder steers and game birds. May we obtain information on each?

We have determined that Ink2Work workers would fall under SOC 51-2099, Assemblers and Fabricators, All Others. They will start with 10 to 15 workers in Indian Springs, Clark County. They would also have an office clerk, SOC code 43-6031, Office Clerks, General.

Raising feeder steers and game birds would both fall under SOC 45-2021, Animal Breeders. They will have four workers at PI's Ranch in Carson City, Carson City county. Please let me know if you need any additional information. Thank you in advance.

Diane Dastal
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www.ssi.nv.gov,

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