



Idaho Economic Development Association

NEWSLETTER

WINTER 2010
JANUARY—MARCH

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“Winter, a lingering season, is a time to gather golden moments, embark upon a sentimental journey, and enjoy every idle hour.”

- John Boswell

SPECIAL SECTION:

Notes From the IEDA Fall Conference: November 4, 2009

Opening session

IEDA President Wendi Secrist opened the session with introductions and an overview of the conference. She also conveyed the importance of completing the online survey of the IEDA conference because it is a helpful tool to identify needs for upcoming IEDA events and conferences.

Dan John, Idaho Tax Commission

Jana Chalfant introduced the first speaker, Dan John from the Idaho Tax Commission. Dan has held the position of Administrator there since 1982. He identified Idaho's current tax incentives. He said that a good resource to use is the General fund Revenue Book. He also went through a list of specific tax exemptions by industry. His PowerPoint included all of the incentives and is posted on the IEDA conference website.

Randy Schroll, Idaho Department of Commerce

Randy Schroll from the Idaho Department of Commerce spoke about the Idaho Recovery Zone Bond and priority set asides. Thirty-three counties in Idaho qualified and eleven did not. The bonds are used to promote development, public infrastructure and job training. Bonds will expire in January of 2011.

SPECIAL SECTION:

Rick Skinner

Rick is a lawyer dealing in public finance. He also covered the recovery zone process in more detail, including what needs to be completed before a county can apply for these types of funds. The issuers of these bonds are generally EDCs or Housing and Finance Associations.

Jim Wrigley, Wedbush Morgan

Jim Wrigley from Wedbush Morgan went over the qualifications to look for in a viable project for bond funding. A five-year financial history is a must in these financial times, as well as your debt service. A ratio of 1.5 to every dollar is good. The loan to value should be in the 70-80% range.

Urban renewal and TIF financing

Dave Swindell from the City of Pocatello spoke on urban renewal dollars and how they can recirculate in your community to benefit public infrastructure projects.

John Sager, Idaho Housing and Finance Association

The Idaho Housing and Finance Association issues 70-75% of the programs in the state. He explained the process as a taxable and tax exempt financing. The lender or investment banker needs to be identified. The IHFA does not buy the bonds. It is also very important that the buyer of the bond receive and acknowledge the risk of the bond. There is a \$500 application and issuer fee. The administrative fee is 1/8 of 1% per year.

Megan Sullivan, Elam & Burke Law Firm

Ms. Sullivan explained that Tax Increment Financing (TIF) is widely used. Twenty-three Idaho counties have TIFs and twenty-two counties have Urban Redevelopment Authorities (URAs) in place. The legislature is attempting to reign in URAs, due to accountability issues. The message of the URA Directive is that they must fix the statutes or the government will fix them. If the area exceeds 15% of the jurisdiction, congress will not consider it viable. The Center for Community and Economic Development is working to draft legislation for this.

Infrastructure districts

We heard from four panelists regarding different scenarios in forming infrastructure districts and different ways to approach them. The panelists were Pat Engel from Sage Community Resources, Alan Westenskow from Zions Bank, Stephanie Bonney, an attorney from Moore, Smith, Buxton, & Turcke, and Pat Colwell from T-O Engineers.

SPECIAL SECTION:

Scenic byways

Karen Ballard from the Idaho Department of Transportation (IDOT) gave an update on this ongoing project, which receives the majority of its funding from the IDOT. They will publish a one-time brochure that you will be able to copy and distribute with your logo. There is some free artwork available from the IDOT. Just complete an application and send your request to Gary at IDOT.

Department of Commerce: Marketing & legislative Updates

Bibiana Netney gave the marketing update and explained how the Idaho Department of Commerce website now includes video testimonials for communities and now highlights two communities a month. There will be a familiarization tour for international business writers May 10-14. They will be on the road visiting several regions in Idaho during that time.

Lane Packwood gave the legislative update. He outlined Governor Otter's "Project 60" goals and objectives.

Help for entrepreneurs in your community

Norm Beck from SCORE gave an outline of the free services that his organization provides to small businesses.

Rick Vycital of the Small Business Development Center gave an overview of the programs available at the center as well as online services.

Site selector panel

Kara Burns from CB Richard Ellis and Brian Corde from Atlas Insight were the panelists. They went through the four steps of site selection: 1) location analysis, 2) community tours, 3) economic incentives, and 4) real estate. They went over the strengths and weaknesses they see in Idaho. Education and quality of life in Idaho are much higher than the national average. In addition, Idahoans have a high rate of Associates degrees, making them highly trainable. Weaknesses the panelists mentioned included a small labor force, limited access via air travel, and a large amount of the labor force related to business, financial support, and administrative services. It was suggested that Idaho's state incentives be modified, as they are quite antiquated compared to the rest of the nation.

SPECIAL SECTION:

Roundtable session

Roundtables were divided into rural and metropolitan sectors. Each participant discussed his/her community's best asset and biggest hurdle.

Gem State Prospector update

Susie Davidson and Jerry Miller gave an update on "Gem State Prospector" and how Google satellite maps can be utilized from the site. They also reminded everyone to sign up on "Zoom Prospector", which is a good site to use to be found by site selectors.

Team building exercise: The futures game

The participants played an interactive game that gave a lot of insight on infrastructure as well as societal and environmental decisions that can either grow your economy or keep it stagnant.



Outdoor retailer drops anchor in Orofino

Elaine Williams, Lewiston Tribune

The economy in Clearwater County would give most entrepreneurs pause about expanding their businesses in Orofino.

The county had barely recovered from the loss of 195 jobs following the closure of a Potlatch plywood mill in 2000 when the housing market hit the skids.

That propelled the timber-dependent community back to a place it had been in and out of before: double-digit unemployment that is at 16.8%, one of the highest rates in the state.

But in what is a testimony to the importance of steelhead runs, Randy Krall has opened a second location of Camp, Cabin and Home, this one in Orofino. "it's the same basic concept as Lewiston," says Jason Clausen, manager of the Orofino store. "We're going to carry the same products, just smaller quantities."

Krall had identified Orofino as a place he wanted to be months ago because of its proximity to world-class fishing and hunting. Krall decided to move forward with the project in spite of the economic headwinds when the right location opened on Highway 12 near Riverside Sport Shop.



The proximity of the two stores, which both carry fishing gear, is helping Camp, Cabin and Home, Clausen says. But it hasn't cut into the business of Riverside Sport Shop, says John Weiland, the owner of Riverside Sport Shop, which has been in business for 35 years under three owners.

At least a third of Camp, Cabin and Home's inventory is devoted to angling gear such as fishing poles, bait, lures, plugs, hooks and tackle boxes. Some of it is classics such as Sammy Drifters, a large drift bobber and yarn preferred by old-timers who have a tendency to fish with whatever has worked in the past.

Younger people have more of a tendency to read stories in magazines like Salmon Trout Steelheader and try their recommendations, Clausen says. One of the latest is putting a diver onto a line and leaving 8 to 36 inches between it and a spin-n-glow with bait.

The diver is a gadget that looks a little like a fish with a large bill, which helps propel the line down to one or two feet above the river bottom where steelhead are. The extra space between the diver and the bait allows the line to bounce along and present the bait to fish, while the spin-n-glow helps prevent the bait from snagging and also helps attract fish.

The other parts of the store help equip outdoor recreation enthusiasts for hunting or camping trips or excursions to their cabins. The store doesn't carry guns, but it sells ammunition and other accessories for firearms such as holsters.

The inventory of Camp, Cabin and Home is different enough from the Riverside Sport Shop that Weiland says he hasn't noticed a change in business.

"We all have our own little niches. I tie my own jigs, egg loops, double egg loops and kokanee tackle."

Hailey business owner earns national award for innovative product

Hailey, ID – The Nail Jack® nail puller from Nail Jack Tools, LLP has been selected as a winner of the 2009 HANDY Innovation Awards by Handy Magazine of the Handyman Club of America. Michael Foley, inventor and CEO of Nail Jack Tools, will receive the award. The Nail Jack nail puller is a patented new hand tool that digs, grips, and pulls nails, staples and brads.



"We are honored to be named the winner of such a prestigious award alongside the likes of incredible companies like Fein, Rockler, Craftsman, and Honeywell," says Foley, "and we love being a part of the solution for reuse, renovation, and the reduction of waste in our nation's landfills."

The Nail Jack nail puller has a pliers-like design and contains a built-in fulcrum. The back of the tool head can be used as a hammer to drive the tips of the pliers into wood. Instead of the static "V" shaped opening of a regular "cat's paw", the tool grabs the nail shaft, allowing the user to quickly remove fasteners.

The Nail Jack nail puller and another company product, the Nail Hunter nail and staple puller, allow for efficient and more cost-effective removal of fasteners while requiring no batteries or air compressors. "Our tools help remove one of the most time-consuming and difficult economic barriers to responsible deconstruction and reuse, which is fastener removal," said Foley. "The Nail Jack will save you valuable time and money, and who doesn't end up having to pull a nail or staple or two at some point?"

The Nail Jack nail puller is just one of a whole family of new hand tools developed by Nail Jack Tools. Nail Jack Tools will introduce at least three more models in 2010, geared toward roofing, fence repair and demolition. The tools are currently available through Amazon.com, Woodcraft, Garrett Wade and Lee Valley, but are not yet in retail stores. For more information about the awards, HANDY Magazine, and the Handyman Club of America, visit www.handymanclub.com.

About Nail Jack Tools, LLP.

Nail Jack Tools, LLP, founded in 2007 in Hailey, ID, is a young start up company developing novel hand tools for the construction and do-it-yourself industries. Founder, CEO, and inventor Michael Foley continues to introduce innovative products into the marketplace. For more information about Nail Jack Tools, contact Michael Foley at 208-806-1009 or go to www.nailjack.com.



Rexburg update

BYU Idaho's expansion of the Manwaring Building has been completed.

A new Bank of Commerce branch opened in Rexburg.

The Spring Hill Marriott, a new 97 room hotel, opened on University Boulevard on November 20th.

Counties awarded funding to consider feasibility of woody biomass combines heat & power plant developments from ID Office of Energy Resources – Renewable Energy Enterprise Zone grants

Adams County Woody Biomass \$70,000

Boise County Woody Biomass Combined Heat & Power \$140,000

Clearwater County Woody Biomass Combined Heat & Power \$140,000

These efforts are complimented by the recent completion of a woody biomass data tracking system, called CROP (Coordinated Resource Offering Protocol) that can be used to see what types of harvest public land managers foresee in the next five years. It is a tool developers, mills, and loggers can use to begin due diligence material supply analyses for existing facilities, new developments, and expansion planning. The CROP was developed in partnership with the US Forest Service, ID Dept of Lands, ID Dept of Commerce and local economic development staffers.

For north Idaho counties, timber is still a significant sector in the economy and these projects offer an opportunity for market expansion and diversification. The Clearwater County effort seeks to document added benefits. The Idaho Correctional Institution in Orofino is a likely user of the plant's steam/hot water as a source of heat, domestic hot water generation, and cooling. Initial evaluations indicated using the plant's steam/hot water could generate significant financial savings to state budgets. The correctional facility is a major employer and driver in the local economy. If we can save the state some money, we are likely to keep the facility in operation. There are win-wins across the board on this project.

The Adams and Boise County awards are for moving past a current preliminary feasibility study that each has already done and get to a stronger study that will allow each county to get funding for the projects. Adams County's project is near Council and Boise County's project will probably be in or near Horseshoe Bend.

Nampa receives Renewable Energy Enterprise Grant

The City of Nampa received a \$37,290 grant from the Renewable Energy Enterprise Zone program at the Office of Energy Resources to work directly with Amalgamated Sugar on a feasibility study to evaluate the potential for production of biogas at the company's sugar beet processing facility in Nampa. Amalgamated Sugar is one of the City's largest employers with more than 500 employees. If feasible, the system could result in a significant decrease in the amount of waste processed by the city wastewater treatment plant and reduce the operation costs for Amalgamated. The biogas processor would utilize much of the sugar beet waste from the processing and create energy for consumption onsite. The project would be the first of its kind in the United States. The City was made aware of the grant opportunity from an email through IEDA.

Idaho Commerce looking for businesses for international partnerships

Idaho Commerce is looking for profitable Idaho companies who are interested in considering foreign partners or investors to grow their companies. During this difficult economic period where bank loans and venture and angel capital are hard to find, foreign direct investment can be another avenue for profitable Idaho companies to grow. If you know an interested company, have them contact Bob Swandby at 208-334-2650, ext 2119 for further information.

Region II Updates

ATK has added another 150 employees, bringing to 1075 as of today. The following is an excerpt from an article in the Salt Lake City Tribune web site, from ATK Armament Systems spokeswoman Amanda Covington:

ATK Armament Systems has become the largest U.S. supplier of commercial ammunition. Covington said the division does \$2 billion worth of business, manufacturing ammunition for hunting, target and practice shooting, handguns and law enforcement. Its manufacturing plants are in Independence, Mo.; Anoka, Minn.; and Lewiston, Idaho.

In addition, Idaho funding requests for defense and military-related projects submitted by Idaho Senators Mike Crapo and Jim Risch were approved by the Senate Appropriations Committee. The requests for Fiscal Year 2010 apply to many universities and employers in Idaho. Included are \$2 million for University of Idaho and \$2 million for ATK – CCI Speer

Clearwater Paper-Lewiston, created five new mid level salary jobs in the last two months in Lewiston. Three are filled right now and two others are in the interview process.

IDEQ issues revised air permit to Southeast Idaho Energy

A voluntary agreement has been reached on a revised air quality permit that incorporates new limits on carbon dioxide (CO₂) emissions from the proposed Southeast Idaho Energy (SIE) clean-coal gasification fertilizer production facility in Power County.

CO₂ is a greenhouse gas that traps heat in the atmosphere and may contribute to global warming. Currently, CO₂ is not a regulated air pollutant, although efforts are being considered at the federal level to regulate greenhouse gas emissions including CO₂.

The agreement to include regulation of CO₂ in the SIE permit was negotiated by representatives of the Sierra Club, Idaho Conservation League (ICL), and SIE.

“This permit is a win-win for the people of Idaho,” said Justin Hayes, Program Director for the Idaho Conservation League. “Idaho will reap the economic benefits of this new industry and the environmental benefits of stringent air quality requirements. This is proof that jobs and environmental protection can go hand in hand if we work together.” An earlier version of the permit issued by the Idaho Department of Environmental Quality (DEQ) in February did not include limits on CO₂ emissions from the facility. The permit was challenged by the Sierra Club and ICL, on the basis that, though not required, limits on CO₂ were warranted to protect air quality in the region.

Over the next several months, representatives of the Sierra Club and ICL, met with SIE to negotiate an agreement that would enable CO₂ limits to be included in the air quality permit.

“We appreciate the willingness of the Idaho Department of Environmental Quality, the Sierra Club, and the Idaho Conservation League to work with us in structuring a settlement that meets the needs of all parties,” said Ramesh Raman, President of SIE. Carbon capture and sequestration have always been a fundamental part of our overall business plan. The revised permit clearly demonstrates our company’s commitment to being an environmentally

(Continued on page 9)

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responsible neighbor.”

DEQ agreed to include the enforceable CO2 limits in the permit, but does not intend to include greenhouse gas emissions limits in future air quality permits until federal regulations have been finalized .

The permit was granted on December 1, 2009. There is a 35 day appeal process.

Company officials acknowledge they are planning to construct the center during 2011, with groundwork to begin in 2010. one hundred and fifty full time employees will be hired by 2014 when the project is scheduled to be completed. As many as 1300 construction workers will be needed over a three year time period to complete the project. The project will greatly impact the Power County tax base and provide local jobs which will be a great asset to the community.

University of Idaho update

The University of Idaho Extension continues to partner with small communities across the state through the Horizons program. Communities in eastern and southern Idaho are implementing plans to strengthen civic engagement and create economic prosperity. Their action teams are creating new non-profits, forming community foundations, starting farmers' markets, and revitalizing downtowns, among other projects. One of the most notable achievements in the last few months is the number of people running for elected local offices, often in races that have previously been uncontested. In northern Idaho, UI continues working with communities that have graduated from Horizons, by starting Earned Income Tax Credit campaigns and offering grant writing workshops, for example.

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State of Idaho launches enhanced mapping tool to attract business

The State of Idaho is launching a new and improved version of Gem State Prospector the week of January 11, 2010. Since July 2008, the website has been available to real estate professionals, site selectors, businesses wanting to expand or locate, and economic development organizations. The new and improved version is available online now at GemStateProspector.com.

Enhancements include new GIS mapping capabilities. Through a grant from USDA, Rural Development Enterprise Program and a private donation from Qwest, this user-friendly leading edge technology provides centralized data on commercial, industrial, and retail properties. The site literally puts Idaho's communities on the map, making the state more competitive nationally and internationally.

A recent study by UC Berkeley showed 85% of corporate real estate selectors use websites and the internet for researching site selection locations. Business success is often influenced by making wiser decisions faster than the competition. With Gem State Prospector, the information businesses need to make a site selection decision is at their fingertips.

Other enhancements are access to high quality demographic, market, and business analysis, including information to help businesses determine if there is competition or synergy at a specific site for their business. Robust user-driven reports are possible within seconds. The site is free to users and is available 24/7.

"This outstanding site will be an invaluable tool to inform and convince corporate real estate executives around the globe of the dynamic business environment found in Idaho," according to Don Dietrich, Director of the Commerce Department.

The Gem State Prospector site is tangible evidence of the partnership and commitment IEDA, the Department of Commerce, the Idaho National Laboratory and others have made to assure Idaho is competitive with other states.

Training on uses of the site is being scheduled in various locations around the state. For more information, or if your community or region is interested in training in your area, email prospector@commerce.idaho.gov or call Gloria Mabbutt at (208) 334-2650.

Idaho Economic Development Association (IEDA) Presents:

2010 Economic Policy Forum

The Idaho Economic Development Association will host Governor C.L. "Butch" Otter for its 2010 Economic Policy Forum on Jan 13th, 1:30pm to 4:00pm at the University of Idaho, Boise, and two-way video feed to other locations throughout the state. Governor Otter will discuss Project 60 with members of the economic development community and answer questions about Idaho's current and future economic direction. The remainder of the program will introduce key economic development issues that will be introduced during the coming legislative session.



January 13, 2010

1:30pm--4:00pm (MDT Time)

Cost:

\$20 IEDA Members

\$30 Non-IEDA Members

Idaho State Legislators Free

Forum will be held at:

Boise--Main Venue at

University of Idaho Boise--Idaho Water Center--

with two-way video feeds to:

Twin Falls--CSI Campus, Evergreen Bldg

Idaho Falls--University Place, Tingey Admin Bldg

Coeur d'Alene--University of Idaho (12:30pm-3:00pm)

Moscow--University of Idaho--Agricultural Sciences Bldg (12:30pm-3:00pm)

Space is limited so **REGISTER NOW**
at www.ieda.biz

Agenda is as follows (Mountain Time):

- 1:30-2:30--Opening Remarks and Discussion led by Governor C.L. "Butch" Otter: Project 60 and Idaho's Road to Recovery
- 2:30-2:55--Urban Reinvestment Act--Meghan Sullivan/Ryan Armbruster--Elam & Burke
- 2:55-3:05--Break
- 3:05-3:30--Idaho Constitutional Amendments for "Ordinary & Necessary"--Ken Harward--Association of Idaho Cities
- 3:30-3:45--Business Personal Property Tax Relief--Alex LaBeau--Idaho Association of Commerce & Industry
- 3:45-4:00--Property Tax Exemptions--Elwood Kleaver--Chair, Boise Valley Economic Partnership

President's Message—Wendi Secrist

2009 has passed by so quickly that I'm not sure where it went. However, I do think that it will be remembered as a very challenging year. I wish that I could predict that 2010 will be better, but those of us who are in organizations that rely, in some part, on local, state, or federal funding may not have seen the worst yet. It's times like these that really make us look to value – what value do we provide to our stakeholders? What are the most important things that we are doing to make a difference and how can we restructure our time and efforts to focus on the significant? While I prefer not to go through this exercise too frequently under these circumstances, I do think that we can find it useful.

The IEDA Board of Directors had to make some tough decisions earlier this month. Putting together the 2010 budget was a difficult exercise. There was no way to create a balanced budget without decreasing the value we bring to our members. Our two largest expenses are Gem State Prospector and conferences (i.e. education). To cut either of these directly impacts the support we provide to your organizations.

Increasing revenues in the next year without developing a new project or program is marginally feasible. But to develop new programs, we have to rely on our volunteers – you – and we suspect that you are already overtaxed in keeping your programs alive. So, being conservative on the revenue side, and cutting every possible expense that we can, we still come to a place where we would need to tap our reserves to make it through next year. However, your Board didn't want to settle for that and we've outlined goals for 2010 that will bring us to a balanced budget. We know that it will be hard to meet those goals, but we are going to give it all we've got.

Shifting to more positive topics, I do want to take a moment to thank all of our IEDA members and volunteers. Special thanks to our outgoing and incoming directors and officers – your contributions to the organization are appreciated! I look forward to working with everyone in the coming year.

Coming up quickly is the 2010 IEDA Economic Policy Forum on January 13. I encourage you to register now by visiting www.ieda.biz. Following the format of last spring's State/Federal Stimulus Forum, we will be using the University of Idaho's video conference system to provide timely, relevant information to you at a location close to home. Governor Otter will be spending an hour with us – and wants to have a dialogue about the economic direction of the state. Following will be presentations on important initiatives that are expected to be in front of the legislature this session.

I wish you and your family very happy holidays!

IEDA 2010 Officers :

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