

OUTLOOK

ECONOMIC DEVELOPMENT IN SOUTHERN IDAHO

WOW LOGISTICS CELEBRATES GRAND OPENING & ANNOUNCES PLANS FOR EXPANSION

WOW Logistics Company on January 30 celebrated the grand opening of their 232,650 square foot state-of-the-art regional distribution center in Jerome and announced that they have initiated work on a proposed expansion of 70,000 additional square feet to be completed sometime this year. WOW Logistics Company, headquartered in Appleton, Wisconsin is a full line warehousing, distribution and logistics company. This is their first facility built outside of Wisconsin.

"The floor space of this facility has filled up faster than any of our public warehouse operations in the 25-year history of our company," said Tom Oswald, WOW Logistics' chief financial officer. "So, in anticipating the growing storage and warehousing needs of our customers, we have already completed much of the ground work to expand this facility." The initial 70,000 expansion should be completed by the end of 2003 with the potential of adding five new employees. "On a long term



basis, we have the expansion potential for an additional 150,000 square feet of dry space," he said.

WOW's distribution center supports general manufacturers, the dairy industry and multiple processors in southern Idaho and the entire

Northwest region. In this facility, approximately 178,000 square feet is dry storage and 54,000 square feet is

refrigerated storage.

During the grand opening ceremony, Governor Dirk Kempthorne said WOW's decision to build in the Magic Valley further supports the area's dynamic economy. The national unemployment rate is 6% and the combined unemployment of Jerome, Twin Falls and Gooding is an impressive 3.9%. "You have something remarkable that's taking place here," Kempthorne said.

According to Southern Idaho Economic Development Organization executive director Jan Rogers, WOW's early expansion means "that the future of WOW here is solid and their economic impact on this area will be felt for years to come."

RIGHT STUFF MOVES CORPORATE HEADQUARTERS TO JEROME

Rite Stuff Foods is in the process of moving their corporate headquarters from California to Jerome. While a few sales staff and some purchasing functions will remain in California, all primary business operations will soon be housed in Jerome.

Former storage space is being converted into offices for the four employees moving up from California as well as two new staffers who will be hired locally.

"With our Jerome office expanding its product line and Rite Stuff's owner moving from California to

Where We Are...

SIEDO will begin its third year of operation this summer and we're continuing along the same productive pace that carried us through 2002. Last year was a busy year with numerous new business leads, the bringing in of several new employers and expansions of established local businesses.

We're currently working with a few local companies who are considering expanding this year. And we're in the early stages of pursuing new business leads that are seriously considering southern Idaho for their operations. As in 2002, we hope that many of these "in the works" projects will come to fruition this year bringing economic diversification and good paying jobs.

This area continues to hold its own in employment. (See page 2 economic growth article.) We closed 2002 with an impressive 3.9% unemployment rate. As of March 2003, our unemployment remains a healthy 4.0% compared to 5.5% in the state of Idaho and 5.8% nationally. Early predictions indicate only slight variations in our unemployment numbers during 2003.

We look forward to another active year with continued positive economic news to report.

Jan Rogers
Executive Director

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About Us

The Southern Idaho Economic Development Organization (SIEDO) was formed in June 2001 as a joint venture of public and private sectors to help diversify and strengthen the local economies of Twin Falls, Jerome and Mini-Cassia. SIEDO: Builds support within the community for economic development and marketing programs; promotes retention and expansion of existing firms; implements a focused, cost-effective marketing plan to attract new firms to the southern Idaho area; and stimulates new startups.

SIEDO positions the southern Idaho area as a highly desirable location for corporate executives and site consultants to consider. New businesses will also be attracted via various marketing efforts targeting appropriate industries. An easy-to-use web site incorporating this new identity -- www.southernidaho.org -- allows anyone interested in learning about southern Idaho to access valuable information quickly and easily.

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(Right Stuff continued)

Seattle, streamlining operations here in Jerome just made good business sense," said Blake Chapman, Jerome's general manager. Rite Stuff expects growth to reach 20% in 2003 thanks to a growing customer base and increased

production requirements. New lines will expand on their core line of packaged frozen potato products to include hash browns, mashed potatoes and other potato-related products.

Southern Idaho's Robust 2002 Economy Bucked National & State Economic Trends

2002's national year-end economic news was not entirely positive. But in southern Idaho, 2002 will be remembered as a year of robust economic growth, bucking negative national and statewide trends in most indicators.

The Magic Valley saw steady growth in 2002, remaining largely insulated from slipping employment, layoffs and general national economic downswings. The region's ability to remain economically balanced was credited to the diversification of the economy and stable employer base.

Primary Magic Valley job sectors include light manufacturing, retail, service, technical support, agriculture and food processing - diverse sectors that provide various and growing employment opportunities. "This was the hottest economy in the state last year," said Jan Rogers, executive director of



Southern Idaho Economic Development Organization. "Even four months into 2003, the Magic Valley is still the place to look for a job."

The Magic Valley's combined unemployment rate for 2002 was an amazing 3.9%, comfortably bucking the national level of 6.0% as well as Idaho's 5.8% rate.

"We've never seen this strong of an economy here, particularly in a year like 2002 with so much national and statewide bad news. 2002 was an incredible year for the Magic Valley," said Greg Rogers, the Idaho Department of Labor's regional labor economist for the Magic Valley.

There were many factors that worked together to generate last year's rosy economic picture. According to labor economist Greg Rogers, new, strong retail growth and the opening of several new food establishments in Twin Falls further solidified this community's status as a regional hub for southern Idaho and northern Nevada. "Besides retail growth, the area's agricultural climate was better than expected and coupled with decade-long growth in the dairy industry and complimentary industries - such as cheese processing and animal feed production - along with no major layoffs, these were all significant factors that helped stabilize our economy," he said.

In addition to hard economic factors, an aggressive and organized economic development effort by area business leaders and organizations generated significant new business recruitments and helped existing businesses expand. Add all these factors together and you have a robust economy unmatched in the state and the region. Here's quick look at the area's hearty economic 2002:

Unemployment Comparisons:

- Magic Valley 3.9%
- Idaho: 5.8%
- United States: 6.0%

Manufacturing-Durable Good & Services:

Gains of 11.2% and 8.0% respectively
New Home Construction: Twin Falls set a record with 344 new starts in 2002, 42.7 percent jump in new housing starts over their record breaking year of 2001.

It would seem on the surface with a low unemployment rate that the Magic Valley would not be able to supply a major new employer. Nothing could be farther from the truth. During 2002, the

(continued on page 3)

(Economic Trends continued)

area recruited two employers:

- In February 2002, Dell Computer Corporation opened its first technical support center in the Mountain Time zone in Twin Falls. Originally employing 200, they expanded their employee base to approximately 710 full-time workers in early 2003. Dell jobs contributed greatly to the low unemployment rates in the area and improved wage levels.
- WOW Logistics opened a 250,000 square foot regional distribution center in Jerome, which will employ about 30 workers when fully staffed.

In 2002, the area also enjoyed two significant expansions from established businesses:

- Solo Cup boasted their most significant expansion since opening in Twin

Falls in 1998. Solo Cup added equipment, production capabilities (up 25 percent) and 68 workers in 2002, bringing their total employment to 158.

- WestFarm Foods in Jerome underwent a \$50 million expansion, constructing a highly automated, technically advanced 70,500 square foot food milk dehydration facility that now processes 3.3 million pounds a day of local milk into non-fat dry milk. In turn, 25 new jobs were added.

In looking ahead, it is expected that unemployment will rise slightly in the Magic Valley but should not go over 4.5 percent. "The Magic Valley economy should continue as a leader in the state and should be poised for robust growth as state and national tendencies improve," concluded Greg Rogers.

Idaho Programs Support Small Business R&D

By Rick Ritter —

Technology Services Consultant, Idaho Small Business Development Center

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are two of the more than 50 programs managed and funded by agencies of the Federal government that support the research and development of new products and services. These two programs represent less than 3% of the total Federal research budget.

Individuals and small businesses (less than 500 employees) are eligible to participate in these programs. Eleven Federal agencies (Defense, Energy, Transportation, Agriculture, Commerce, Education, NASA, National Institutes of Health, National Science Foundation, Environmental Protection Agency and Homeland Defense) participate in these programs by issuing solicitations that cover a wide range of topic areas. Companies must select a topic where they can apply their expertise in solving the problem outlined in the topic. Companies must prepare a proposal (less than 25 pages) that demonstrates their ability to carry out the proposed research work.

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These programs are done in phases. Phase I is a proof of concept or feasibility of the proposed solution. The company will have six (6) months and 50 to 100 thousand dollars to carry out the work/research plan detailed in the their proposal. Phase II is the development of a commercial product or service that solves the problem. A company will have up to twenty-four (24) months and from 500 thousand to one million dollars to bring the product or service to the commercial market.

The benefits of this program are ownership of the intellectual property (patents, copyrights, trade secrets) that result from the work, no loss of equity in the company, and no repayment of the dollars used to research and develop the new product or service. In many cases the company may also gain a new customer(s).

For additional information on these and other programs contact: Rick Ritter, ritter@boisestate.edu, or 208.426.3877.

Did You Know?

* There is a new large piece of commercial real estate located at Twin Falls' intermodel site, available for new businesses or those considering expanding. This is an addition to the six properties listed in our Winter 2002 edition. For more information, contact Southern Idaho Economic Development at 208-324-7408.

Building: 16,000 sq.ft. expandable to 28,000 sq. ft.

Land size: 2.72 acres

Building has 20' ceiling height, loading dock and grade level doors.

Office space size is flexible 2,000 sq. ft on up.

Building can be designed to suit tenant.

Lease rate: \$5.50/sq. ft. annually

* SIEDO received a Bronze Award in Business Facilities Magazine's 10th Annual Economic Development Achievement Awards for 2002 in the Regional Economic Development Program category. SIEDO was recognized for the recruitment of Dell Computer Corporation's opening of its first technical support call center in the Mountain Time Zone. "Bringing Dell and new jobs to the city points to the effectiveness that can be achieved when everyone works as a team for a common good," said Judge Jan Dickinson. "The cooperative efforts to put this deal together in less than 10 weeks make this project shine."

* The Idaho Department of Labor has developed a new easy-to-use web site of Idaho's Labor Market Information System. This is a comprehensive source for labor market information for the State of Idaho. Within this site you can find economic information to help you make informed decisions, whether you are an employer or a job seeker, a student or an economic analyst. The site is also an excellent resource that provides links to numerous related web sites. Log on to: www.jobservice.ws

Growth & Expansion

S&G Produce in Twin Falls is constructing a 19,600 square foot building that will provide their food distribution operation with a larger, more technologically advanced facility to accommodate their growth and higher food sanitation standards. The new building, just four blocks south of their current location, should be completed in late June 2003.

S&G was established in 1987 with four employees in an 11,600 square foot building. Now, with 30 employees, a larger client base and the need to stack pallets higher off the ground, the new building will meet the needs of their growing business. The new building will be totally refrigerated, fully racked and have numerous coolers. "With our new facility, we'll have the finest, freshest produce facility in Idaho," said Stan Sheppard, presi-

dent of S&G Produce. "This expansion will improve the efficiency of our operations with both space and technology and allow us to implement even stricter food sanitation requirements. We hope to increase our staff once we're up and running in our new building this summer," Sheppard said.

S&G provides any fruit and vegetable in season to restaurant and retail customers throughout the Magic Valley, Wood River Valley, Stanley, East Idaho, north to Bliss and south to Jackpot, Nevada. They process, peel, chop, package and transport fruits and vegetables to customers in its trade area. They supply only Idaho grown potatoes and purchase other produce from certified local growers whenever possible. S&G is proud to have had a drug free workplace since the early 1990's.

Loomix West, LLC has opened its manufacturing plant in Twin Falls where molasses-based liquid feed supplements for the dairy and beef industries will be produced. Loomix West, LLC is locally owned and backed by its parent company, Cattleman's Choice Loomix, LLC headquartered in Colorado.

Located at Twin Falls' truck-train transloading section, the 6400 square foot facility will provide producers with quality supplements and new products in the liquid feed industry. Approximately, 80 percent of the feed supplement produced at Loomix West, LLC will be used in the Magic Valley. Currently, there are six staffers in the Twin Falls location and additional staff will be added as business needs warrant.