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PLASTICS IN SOUTHERN IDAHO

Plastic manufacturers understand the importance of location for their operations – location will have a long-term impact on corporate production, distribution and profit. The opportunity to establish a manufacturing operation anywhere in the country can be a daunting task. Utility rates, distribution channels, business costs, state incentives, tax rates, strong employee base, labor costs and quality of life are just a few of the numerous considerations business must look at when picking a place to build or relocate.

Three significant plastic manufacturers have found their home in southern Idaho – [Hilex Poly](#), [Solo Cup](#) and [Spears Manufacturing](#). The opportunities they found in this region have enabled each of these manufacturers to build, grow and expand their businesses, thanks to the area's low cost of operations and significant business incentives.

Electric & Business Costs:

A primary concern for a plastic manufacturer – or any other manufacturer for that matter – is power rates. Manufacturing and production operations require significant power use, so a location with low power rates provides these businesses a considerable advantage to their operational costs. Manufacturers in southern Idaho are reaping the benefits of Idaho's power rates, among the lowest in the nation at approximately 3.0 cents per kW. Approximately two-thirds of Idaho's electricity is produced with low-cost hydropower facilities. As part of the Bonneville Power Association's northwest power distribution grid, industrial electric rates are lower than most major cities in the nation and about half that of many western cities. Annual industrial electricity costs in Idaho are \$144.8, the second lowest among 8 western states. (1,000 kW & 200,000 kWh).* That's a huge advantage to big power users looking to maintain costs.

Idaho also takes the lead when comparing overall business costs among eight western states. Economy.com ranks Idaho among the top 10 in the country in overall costs of doing business as well as number one for lowest energy costs. The Corporation for Enterprise Development rates Idaho #1 in manufacturing investment and 6th best in long-term growth. Crucial bottom-line advantages many manufacturers can't find anywhere else.

Transportation:

Getting products transported, distributed and out to the marketplace is key to successful business operations. Southern Idaho is in an excellent location for easy air, rail and freeways access to all points north, south, east and west. Southern Idaho is ideally situated right along several major highways. Interstate 84 is the major east-west route, Interstate 80 through Salt Lake City is one of the major US east-west interstate routes and is accessible in about one hour from southern Idaho, US Highway 93 and 30 also serves as an additional transportation routes.

Over 14 local trucking-motor freight companies support distribution services and get products moving on local interstates. This area is fortunate to have access to local railroad transportation via Eastern Idaho Railroad that connects to the UPSP mainline. Airfreight, package express, as well as container and cargo freight companies round out available services to accommodate the needs of local plastic manufacturers.

Plastic manufacturers enjoy the rewards of operating in southern Idaho. In fact, Hilex Poly chose southern Idaho's city of Jerome for their expansion because of the areas strong, qualified workforce, favorable power rates, good location for a west coast presence and an available existing building.

[Hilex Poly](#), the largest manufacturer of plastic grocery bags in the United States, opened their Jerome facility in September 2005. This new facility serves as Hilex Poly's western presence for the manufacture of plastic T-Shirt bags.

Headquartered in Hartsville, South Carolina, Hilex Poly's Jerome grand opening marked the completion of their third expansion phase since production began just six months prior. This rapid growth brought Hilex Poly Jerome up to their full capacity of 100 employees operating 24/7 to meet its goal of producing over 5 billion plastic bags annually.

Hilex Poly announced plans to build a new facility in Jerome in June 2005. Since that announcement, Hilex grew three times faster than planned. According to Hilex chairman Leon Farahnik, this fast-paced growth was credited to the area's strong workforce and pro-business environment both locally and at the state level. "When we were looking for a new site, we never thought we'd end up in the state of Idaho," Farahnik said. "When we came here, people welcomed us with open arms. It has been a great decision."

Management is also pleased that Hilex Poly's decision to expand in Jerome has opened up opportunities for growth sooner than planned. "We've been going full speed since March to get the facility up and running," said Mike Schutz, Jerome plant manager. "We couldn't be more pleased with our decision to operate in Jerome," said Mike Schutz, Jerome plant manager. "That decision has paid off substantially. And I have no doubt we'll be talking about further expansions very soon."

The success of bringing Hilex Poly to Jerome really started back in 1972 when Tupperware opened a large facility in this community, employing up to 700 people. Tupperware's decision to operate a major facility in Jerome kicked off their economic development efforts and recruitment of other plastic manufacturers who -- like Tupperware -- would benefit from considering Jerome for a site location.

When Tupperware moved from Jerome in 1987 due to market consolidation, [Spears Manufacturing](#) purchased the building and began manufacturing PVC pipe fittings, valves and tubing in 1989. Today, Spears employs approximately 200 at this Jerome location.

[Solo Cup](#), with 125 employees, has expanded their Twin Falls' facility since opening in 1998. The expansion was completed to service Costco's account to produce 70 percent of their wholesale cutlery and packaging of 330+ utensils. Solo Cup added equipment, production capabilities by 25 percent and 52 machine operators. By expanding into Twin Falls from the Midwest, they were able to reduce their shipping and freight costs by 45 percent. In addition, their straw production operations have made changes to increase efficiencies and shipping processes have been streamlined to improve customer service and increase efficiencies.