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A professional site selector's advice on how Idaho can lure more well-paying jobs



Site selector John Boyd says Jersey City, where this photo was taken, has used lower costs to lure corporate offices from New York City. He says Boise can do the same from West Coast cities, especially from the high-cost Bay Area.

By Zach Kyle

Of course, John Boyd Jr. can't say why he was in Boise on Nov. 2. Flying under the radar is standard for Boyd, principal owner of Boyd Co., an international site selector firm in Princeton, N.J.

Boyd's clients, including Hewlett-Packard, Pepsi Co., Samsung and Chevron, demand secrecy as they poke around for sites to expand or relocate. Executives checking out sites use assumed names and refer to projects using code names.

Many of Boyd's meetings take place in airports and hotel lobbies. On Nov. 2, Boyd was in the lobby of the Courtyard Boise Downtown by Marriott, a chain where Boyd says he spends about 200 nights each year. In an interview, he cited trends suggesting why Idaho — and especially Boise — may be a destination for more companies in the coming years.

He also noted factors that limit the Boise area's chances of landing bigger companies.

Q: What do companies see as Boise's strengths?

A: We evaluate projects on talent, access, lifestyle, incentives and operating costs.

For talent, Boise State [University] is supplying the region with a tremendous labor market. The College of Western Idaho has a great training program for manufacturers. In the Twin Falls region, the College of Southern Idaho is well-regarded.

Q: And access?

A: Boise has highways linking the region to major cities, and the airport offers nonstop service to Dallas, Houston, San Francisco and Seattle. That's a critical asset to the business community. It allows executives to do business here in Boise and return on the same day.

For lifestyle, you have tremendous livability and [Boise State] football, great bars and restaurants, and outdoor recreation.

Q: For incentives?

A: A couple years ago, the governor revamped the state's incentive package to up to 30 percent tax credits for companies hiring more than 50 employees [the Tax Reimbursement Incentive]. It's one of the reasons Amy's Kitchen and Sky West chose to expand here.

Q: And operating costs?

A: Boise consistently ranks as one of the most attractive locations for back-office and industrial projects. You have attractive energy costs and low labor costs. The state's right-to-work bill helps mitigate inflationary wage pressures. It has the second-lowest property taxes in the country, and that's a major site-selection driver.

California continues to be a basket case. A number of projects will leave California over next three to four years. The decentralization trend is real. Boise could be doing more to be at the forefront of that discussion. Site selector John Boyd

Q: What trends could benefit Boise and Idaho?

A: On the East Coast, you have banks and office projects decentralizing away from Manhattan, Boston, Connecticut, and from northern and central New Jersey, and relocating to lower-cost tertiary markets.

Property taxes aren't talked about enough. When Mercedes Benz relocated their corporate headquarters last year from Bergen County in northern New Jersey to Sandy Springs, a suburb of Atlanta, the average property tax bill for Mercedes executives dropped from \$20,000 a year to less than \$5,000. The Boise region can make the same argument as it tries to attract decentralizing offices from the Bay Area, Denver, Phoenix and Seattle.



John Boyd, owner of site selection firm Boyd Co., says he is encouraged by talk of Boise building a light-rail system. "It's a hallmark of a new growth market when mere discussion of such a thing takes place," he says.

Q: Was Paylocity's announcement to open a 500-employee office here a part of that trend?

A: Absolutely. We think Boise is well-positioned to attract more of those types of projects.

Q: What factors work against the Boise region?

A: There needs to be intermodal rail infrastructure to get a bigger market share of the food-manufacturing projects that are out there today.

Q: Do you see opportunities for Idaho or Boise to target certain sectors?

A: A big driver in food manufacturing is the Food Safety and Modernization Act, which will mandate companies to update existing facilities to comply with new federal regulations. That will create new greenfield [new construction] opportunities. A lot of these smart cities and states around the country have developed incentives to work with that trend. That's something [Idaho] could look at.

A lot of facilities operated by J.R. Simplot, or ConAgra, McCain Foods, different projects around the country and region, will become antiquated. New incentives are needed to promote greenfield development as well as help companies modernize and automate their existing buildings to comply with federal regulations.

Q: Idaho has landed quite a few large food processors, including Chobani, Clif Bar and GoGo Squeez, to complement Idaho mainstays like Simplot and ConAgra. What are Idaho's prospects at landing companies from sectors that pay better wages?

A: [Attract] corporate headquarters and regional headquarters. There hasn't been a very proactive effort on that front yet. There's no reason Boise can't do a better job. You already have an impressive roster of companies headquartered here in Simplot, Micron and Albertsons. You can leverage that to leverage more headquarters and regional headquarters because of that decentralization trend. Companies want to be centralized to lower-cost, millennial-friendly markets with Downtown living amenities. Boise fits nicely within that context.

Q: Lamb Weston announced its Eagle office will be its corporate headquarters. Does that move the needle?

A: Lamb Weston is a big win. Economic development is about more than industry recruitment. It's also about industry retention. It's the same thing in Wilmington, Del., which recently retained AstraZeneca, DuPont and Chemours in the same year. That's a great endorsement of a labor market and makes the market more attractive to other companies.

Q: The only time companies comment on Idaho's corporate tax break is after they've received it and seem likely to sing its praises. To what extent do incentives factor into corporate relocation decisions?

A: Incentives are rarely the dominant issue with respect to landing a trophy project. Site selection is both a science and an art. The science is measuring business costs in Boise compared to the Tri-Cities in Washington state, or Salt Lake, or Provo, or Orem, or Billings, Mont. That includes measuring available incentives in markets, or taxes and the regulatory climate. The artistry is measuring labor market advantages in one market versus another, things like turnover or the quality of life, or health care infrastructure.

That said, we liken economic development in 2016 as the second war between the states. That's how competitive it is. Incentives are a necessary part of what a state brings to the table in the effort to attract new industry and jobs.

Trade is emerging as a critical site selection issue today. It's one of the reasons our nation is losing manufacturing projects to Canada. Canada has 40 trade agreements around the globe. The U.S. only has 20. The growing populist sentiment is a concern for advanced manufacturers who want to do business in America. Site selector John Boyd

Q: Idaho's low wages make its workforce attractive, but if we land more of these projects, wages may go up. Is there a point at which wages here would stop being attractive?

A: Communities slowly become victims of their success when housing and labor costs rise. We're starting to see that in Atlanta and Dallas and Houston because of all the success, though the downturn of the energy industry is bringing Houston real estate back down to Earth. But we're not seeing that yet here. There's plenty of room for growth without making the state as expensive as its competition.

Q: We have Micron and HP here, as well as a growing startup scene. Tech is sometimes seen as a savior industry that will fix Idaho's wage woes. To what extent do you think tech can anchor growth here?

A: Cities like Boise need to fish where the fish are. Within the context of tech, the sector you want to go for is precision agriculture, which is the marriage of farming and technology. Those are the projects that are out there now.

There are some out there in collaboration with Boise State that are exciting. There's plenty of room for growth in that area. That should be the target with respect to technology. This is where the growers are. There's a cluster of food processing here already.

Form relationships with Silicon Valley, with venture capitalists, with startup money like the Steinbeck Innovation Foundation. That's the Cadillac of all VC operations in Silicon Valley investing for precision agriculture projects. The governor should be meeting with them once a year and talking about what Boise has to offer.

THE FOOD SAFETY AND MODERNIZATION ACT

Passed in 2011, this law mandates sweeping changes across food manufacturing and distribution chains to reduce consumer illnesses from contaminated food.

The Food and Drug Administration assumed greater control over food regulation and inspection, including mandatory recall authority over most domestic and imported foods. The act expanded

the FDA's power to mandate food-quality tracking throughout distribution networks. The U.S. Department of Agriculture retains authority over most meats and processed egg products.

Food processors regulated by the FDA will be ordered to register with the FDA every other year, create food safety plans including preventative controls based on hazard analyses, and replace or update noncompliant processes or equipment. Processors will also be required to report any food safety issues promptly.

Source: University of Minnesota's Food Policy Research Center