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[Ben Jacklet, Managing Editor](#)

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Oregon's stubbornly high unemployment rate isn't getting any worse, but it isn't getting any better either. If it weren't for the dramatic upswing at Intel, the state's economy would be in deep trouble. Businesses globally are looking at relocating just as hard as cities and states are working to attract them. So who's moving where? And why?

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JOBS WATCH: WHO'S MOVING WHERE, AND WHY

I posed that question to John Boyd Jr. last week during an interview at the Portland Marriott Downtown Waterfront. Boyd is a principal in the Princeton, New Jersey-based [Boyd Company](#), one of the nation's leading site selection firms, representing companies such as PepsiCo, Honda, Hewlett-Packard and Royal Caribbean Cruises, which moved into Springfield a few years ago, creating hundreds of new jobs in Lane County.

It was eye-opening to speak with an expert who deals with the nuts and bolts of moving companies and has numbers on hand to make his points. His operating cost analysis of seven small market cities in the Western U.S. was interesting enough that I'm going to paste it below for the number geeks among you to consider (check out those utility costs in Quincy!). The rest of you should feel free to scroll down to the trends Boyd is seeing in his business.

**What it Costs to Operate a High Tech Mfg. Plant in Tualatin
The Highs and Lows in the West***

	<i>Highest in the West</i>					<i>Lowest in the West</i>	
	Walnut Creek CA	Folsom CA	Riverbank CA	Sparks NV	Englewood CO	Tualatin OR	Quincy WA
Nonexempt Labor							
Average Hourly Earnings	\$23.90	\$23.26	\$22.17	\$21.97	\$22.58	\$22.38	\$20.32
Annual Base Payroll Costs	\$13,651,680	\$13,286,112	\$12,663,504	\$12,549,264	\$12,897,696	\$12,783,456	\$11,606,784
Fringe Benefits	\$5,051,122	\$4,915,861	\$4,685,496	\$4,643,228	\$4,772,148	\$4,729,879	\$4,294,510
Total Annual Labor Costs	\$18,702,802	\$18,201,973	\$17,349,000	\$17,192,492	\$17,669,844	\$17,513,335	\$15,901,294
Electric Power Costs	\$3,024,000	\$2,570,400	\$3,024,000	\$3,808,800	\$1,645,200	\$2,386,800	\$1,026,000
Amortization Costs	\$4,711,783	\$4,396,016	\$4,295,657	\$3,444,871	\$3,709,059	\$3,810,864	\$3,031,858
Property and Sales Tax Costs	\$1,527,044	\$1,345,030	\$1,321,228	\$1,142,465	\$2,286,513	\$495,998	\$1,105,659
Corporate Travel Costs	\$112,983	\$106,662	\$102,063	\$106,908	\$102,966	\$99,765	\$82,200
Total Annual Costs	\$28,078,612	\$26,620,081	\$26,091,948	\$25,695,536	\$25,413,582	\$24,306,762	\$21,147,011
NOTES:							
*Includes all major geographically-variable operating costs.							
Source: The Boyd Company, Inc., Princeton, NJ							

A detailed cost comparison makes sense when you consider the biggest trend Boyd is seeing in the business of relocating: “an unprecedented emphasis on lowering operating costs because of the recession.”

That guiding emphasis on the bottom line drives the other trends Boyd identified during our conversation. At the risk of simplifying, I will list them here in abbreviated form:

America’s back in the game. “There’s actually a trend away from China and Mexico,” says Boyd. “For every negative there’s a positive. Because of the recession there is a tremendous amount of industrial space on the market in the U.S. and rents are at historic lows. There are also quality concerns associated with China and Mexico, and intellectual property issues. Plus hidden costs, training costs, social service add-ons and all sorts of other expenses.”

Even Canada can’t underbid us anymore. It may seem embarrassing to the nationalists among us, but the Canadian dollar’s new parity to the U.S. dollar could lure some strong companies to the states. “European manufacturers are looking at the U.S. the way they used to look at Canada,” says Boyd. “We’re approaching parity

with the Canadian dollar. For French or German companies there are tremendous savings to be had here in the Pacific Northwest, to serve the California market at a fraction of the cost of operating in California.”

Small cities are in luck. “The trend right now is towards the small markets,” says Boyd. Companies want to brand themselves as being associated with cities such as Portland and Seattle, without the costs and regulations. That could mean jobs for smaller cities such as Tualatin and Fairview.

Energy costs, energy costs, energy costs. Companies aren’t just looking to save money with cheap electricity. They’re also weighing the green factor into the equation. A system that runs on coal carries risk when you factor in carbon liabilities. That makes good old Columbia River hydro power a bigger draw than ever. [That’s what brought Yahoo, Microsoft, and most recently BMW to Grant County, Wash.](#) “In real estate everyone talks about location, location, location,” says Boyd. “In industrial site selection in 2010 it’s all about energy, energy, energy. Not only energy costs, but also compliance with eventual federal mandates with cap and trade.”

Washington State is the one to beat. In Boyd’s view, the boom is over for the arid inland states such as Nevada and Arizona, both struggling with resource issues and financial holes. On the West Coast, Boyd says Washington sets itself apart with an aggressively pro-business approach, while Oregon’s new taxes have some corporations thinking twice about moving in. “Oregon is following California off the cliff with respect to raising taxes and creating regulations,” says Boyd. “Washington State is doing just the opposite.”

A case study to consider may be the decision by BMW to locate in hydro-power-rich, regulation-poor Grant County, Wash. “That’s a project Oregon could have had,” says Boyd.

A lot of the PR around the new BMW plant has focused on BMW’s supposed commitment to the “green economy,” but in the end it was probably a matter of cheap land, cheaper labor and really cheap electricity.

This raises a larger question. How far do Oregon’s small cities really want to go to attract businesses looking for bargain-basement operations?

Is it all just a stampede to give away labor and resources on the cheap? Just a panicked race to the bottom?

Or is the employment situation dire enough to justify any means necessary when it comes to creating jobs in Oregon?

Ben Jacklet is managing editor of Oregon Business Magazine.