

Princeton, NJ  
Prepared by: **The Boyd Company, Inc.**  
Prepared for: ***The Porterville Recorder***  
February 8, 2010

## **COST OF HIGH TECH MANUFACTURING IN PORTERVILLE DETAILED IN BOYD STUDY**

### ***Porterville Named One of Top Small Market Cities in the West for New Industry***

A recently completed site selection study compares the cost of operating a representative high technology manufacturing facility in a series of 45 small market cities in the U.S., including Porterville, CA. The study was conducted by The Boyd Company, Inc., Location Consultants of Princeton, NJ. and focused on up and coming small market cities in each region of the country considered to be on the radar screen for new industry as the economy emerges from recession in 2010/11.

Annual operating costs in the Boyd study were projected solely for comparative purposes, with only major geographically-variable factors being considered. Those costs not varying significantly with geography, including relocation and start-up expenses, were not considered. The independent Boyd analysis focuses on those key geographically-variable cost elements considered to be most pivotal to the corporate site selection process.

Overall costs were scaled to a hypothetical 250,000 sq. ft. production facility employing 300 workers. The analysis has been structured to be a useful cost-comparison tool for broad range of high technology companies engaged in advanced manufacturing operations and computer-operated production processes in sectors such as precision metalworking, engineered plastics, composites and other advanced manufacturing fields.

**HIGH TECHNOLOGY  
MANUFACTURING****A COMPARATIVE SMALL  
CITY COST ANALYSIS**

Presented below is a cost ranking of the 45 surveyed small market U.S. cities. Regionally in the West, annual costs range from a high of \$28.0 million per year in Walnut Creek, CA, to a low of \$21.1 million in Quincy, WA.

Porterville costs total \$25.5 million per year, second lowest among the eight California small market cities included in the study: Walnut Creek, Davis, Folsom, Merced, Riverbank, Apple Valley and Porterville.

<b>TOTAL GEOGRAPHICALLY-VARIABLE OPERATING COST RANKING</b>	
<b>Small City Location</b>	<b>Total Annual Operating Costs</b>
Melville, NY	\$34,553,198
Dayton, NJ	\$30,179,487
Galloway, NJ	\$28,544,005
Walnut Creek, CA	\$28,078,612
Pittsfield, MA	\$28,032,993
Owings Mills, MD	\$27,374,248
Davis, CA	\$27,341,209
Collegeville, PA	\$27,084,325
Folsom, CA	\$26,620,081
West Kingston, RI	\$26,468,686
Merced, CA	\$26,132,893
Riverbank, CA	\$26,091,948
Sparks, NV	\$25,695,536
Apple Valley, CA	\$25,686,198
Malta, NY	\$25,577,064
<b>Porterville, CA</b>	<b>\$25,529,495</b>
Englewood, CO	\$25,413,582
Barstow, CA	\$25,141,249
Goodyear, AZ	\$25,098,067
Urbana, IL	\$24,910,355
Mesquite, NV	\$24,602,665
Tualatin, OR	\$24,306,762

**HIGH TECHNOLOGY  
MANUFACTURING****A COMPARATIVE SMALL  
CITY COST ANALYSIS**

<b>Holland, MI</b>	\$23,603,099
<b>Bowling Green, OH</b>	\$23,545,552
<b>Lenexa, KS</b>	\$23,423,882
<b>Port Clinton, OH</b>	\$23,267,991
<b>Noblesville, IN</b>	\$23,081,444
<b>Sugar Land, TX</b>	\$23,015,159
<b>Lafayette, IN</b>	\$22,577,560
<b>Green Cove Springs, FL</b>	\$22,538,878
<b>Kirksville, MO</b>	\$22,454,742
<b>West Des Moines, IA</b>	\$22,174,202
<b>Nacogdoches, TX</b>	\$21,904,461
<b>Coralville, IA</b>	\$21,837,458
<b>Bozeman, MT</b>	\$21,812,296
<b>Big Spring, TX</b>	\$21,557,495
<b>Quincy, WA</b>	\$21,147,011
<b>Lynn Haven, FL</b>	\$20,990,748
<b>Crestview, FL</b>	\$20,972,303
<b>Lebanon, TN</b>	\$20,761,530
<b>Goose Creek, SC</b>	\$20,661,753
<b>Pryor Creek, OK</b>	\$20,469,399
<b>Ardmore, OK</b>	\$20,068,388
<b>Starkville, MS</b>	\$20,010,873
<b>Lenoir, NC</b>	\$19,973,286

In today's difficult economy and credit crunch, comparative economics are ruling the corporate site selection process. For many companies, improving the bottom line on the cost side of the ledger is far easier than on the revenue side. As a result, location decisions at every level of the corporate organizational structure, from off-shored call centers and remote branch plants and warehouses right up to the corporate head office, are all being made with cost minimization as an overriding objective.

## **HIGH TECHNOLOGY MANUFACTURING**

## **A COMPARATIVE SMALL CITY COST ANALYSIS**

Competitive pressures brought on by global free trade are also making comparative costs the white hot issue in today's corporate boardrooms. In California and the West, other key industry location drivers include access to dependable and affordable supplies of energy and water.

Cost differentials between an acceptable city and an optimum plant site can be very substantial even within a given U.S. region. Itemized annual operating costs for Porterville and other surveyed high tech manufacturing sites in the West are detailed in the following table. Overviews of the top-ranked small cities in each region: Lenoir, NC, in the East; Ardmore, OK, in the Central Region and Quincy, WA, in the West also follow.

### **About Boyd**

The Boyd Company, Inc., of Princeton, NJ, provides independent location recommendations to leading U.S. and overseas corporations. Founded in 1975, Boyd clients include Hewlett-Packard; Pratt & Whitney; PepsiCo; Altera; Pitney Bowes; Time, Inc. and others.

**TOP-RANKED SMALL CITIES BY REGION**

**BOYD'S TOP-RANKED SMALL CITIES**

**Lenoir, NC: *Best in the East***



**Lenoir, pop. 17,500, is shedding its image as a furniture industry capital and establishing itself as the epicenter of a new cluster of high technology companies locating along the U.S. Highway 321 corridor stretching from Charlotte to the Tennessee border. Joining old line furniture firms like Broyhill, Bernhardt and Fairfield based here are high tech giants like Google, Corning, Apple and Commscope. A favorable labor market, low costs, a moderate climate and proximity to Charlotte are major advantages for Lenoir.**

**Ardmore, OK: *Best in the Central***



**Ardmore is strategically located along the Nafta Super Highway, I-35, midway between Dallas and Oklahoma City. Its mid-continent location, low land costs, construction costs and utility rates have attracted a number of advanced manufacturing firms like Michelin, Valero, 3M, Southwest Silicon and recently announced Flanders Corporation, a major producer of cleanroom air filtration systems. Ardmore is only 90 minutes from the high-growth northern suburbs of Dallas, DFW International Airport and major metropolitan area amenities of the greater Dallas-Ft. Worth area.**

**Quincy, WA: *Best in the West***



Plentiful, low cost and green hydroelectric power is fueling much of the high tech growth in and around Quincy, WA, pop. 6,500. Located in the Columbia River Basin in central Washington, the area has attracted major facilities of Microsoft, Yahoo, Intuit, REC Silicon and wind tower manufacturer Katana. Quincy is rich in fiber optics, is located on the main line of the BNSF railroad and is linked to port facilities in Seattle/Tacoma via I-90. Water, in short supply in many western cities, is abundant here and its unique microclimate boasts 300 days of sunshine. With no personal income tax in Washington, workers in Quincy keep can more of what they earn.

**ITEMIZED PORTERVILLE OPERATING COSTS**

**What it Costs to Operate a High Tech Mfg. Plant in Porterville:  
The Highs and Lows in the West (1)**

	<i>Highest in the West</i>					<i>Lowest in the West</i>
	<b>Walnut Creek CA</b>	<b>Davis CA</b>	<b>Porterville CA</b>	<b>Englewood CO</b>	<b>Mesquite NV</b>	<b>Quincy WA</b>
Nonexempt Labor						
Average Hourly Earnings	\$23.90	\$23.47	\$21.97	\$22.58	\$21.35	\$20.32
Annual Base Payroll Costs	\$13,651,680	\$13,406,064	\$12,549,264	\$12,897,696	\$12,195,120	\$11,606,784
Fringe Benefits	\$5,051,122	\$4,960,244	\$4,643,228	\$4,772,148	\$4,512,194	\$4,294,510
<b>Total Annual Labor Costs</b>	<b>\$18,702,802</b>	<b>\$18,366,308</b>	<b>\$17,192,492</b>	<b>\$17,669,844</b>	<b>\$16,707,314</b>	<b>\$15,901,294</b>
Electric Power Costs	\$3,024,000	\$3,024,000	\$2,646,000	\$1,645,200	\$2,818,800	\$1,026,000
Amortization Costs	\$4,711,783	\$4,459,826	\$4,191,866	\$3,709,059	\$3,773,111	\$3,031,858
Property and Sales Tax Costs	\$1,527,044	\$1,382,772	\$1,423,597	\$2,286,513	\$1,199,817	\$1,105,659
Corporate Travel Costs	\$112,983	\$108,303	\$75,540	\$102,966	\$103,623	\$82,200
<b>Total Annual Costs</b>	<b>\$28,078,612</b>	<b>\$27,341,209</b>	<b>\$25,529,495</b>	<b>\$25,413,582</b>	<b>\$24,602,665</b>	<b>\$21,147,011</b>

NOTES:

(1) Includes all major geographically-variable operating costs.

Source: The Boyd Company, Inc., Princeton, NJ

**SUMMARY COST EXHIBITS FOR ALL  
45 CITIES BY REGION**

**EASTERN U.S. REGION - EXHIBIT I  
COMPARATIVE ANNUAL OPERATING COST SIMULATION SUMMARY(1)**

	<b>Pittsfield MA</b>	<b>West Kingston RI</b>	<b>Malta NY</b>	<b>Melville NY</b>	<b>Dayton NJ</b>	<b>Galloway NJ</b>	<b>Collegeville PA</b>	<b>Owings Mills MD</b>
Nonexempt Labor								
Weighted Average Hourly Earnings	\$22.56	\$22.34	\$22.95	\$23.75	\$23.94	\$23.65	\$23.53	\$23.32
Annual Base Payroll Costs	\$12,886,272	\$12,760,608	\$13,109,040	\$13,566,000	\$13,674,528	\$13,508,880	\$13,440,336	\$13,320,384
Fringe Benefits	\$4,767,921	\$4,721,425	\$4,850,345	\$5,019,420	\$5,059,575	\$4,998,286	\$4,972,924	\$4,928,542
Total Annual Labor Costs	\$17,654,193	\$17,482,033	\$17,959,385	\$18,585,420	\$18,734,103	\$18,507,166	\$18,413,260	\$18,248,926
Electric Power Costs	\$5,248,800	\$4,266,000	\$2,721,600	\$9,212,400	\$4,507,200	\$4,348,800	\$2,674,800	\$3,744,000
Amortization Costs	\$3,326,624	\$3,399,906	\$3,230,845	\$4,603,270	\$4,387,167	\$3,822,222	\$4,328,292	\$4,017,375
Property and Sales Tax Costs	\$1,699,425	\$1,217,371	\$1,571,218	\$2,041,259	\$2,439,183	\$1,766,135	\$1,548,585	\$1,241,603
Corporate Travel Costs	\$103,951	\$103,376	\$94,016	\$110,849	\$111,834	\$99,682	\$119,388	\$122,344
<b>Total Annual Geographically- Variable Operating Costs</b>	<b>\$28,032,993</b>	<b>\$26,468,686</b>	<b>\$25,577,064</b>	<b>\$34,553,198</b>	<b>\$30,179,487</b>	<b>\$28,544,005</b>	<b>\$27,084,325</b>	<b>\$27,374,248</b>

NOTES:

(1) Includes major geographically-variable operating costs. Start-up and relocation costs not considered.

**EASTERN U.S. REGION - EXHIBIT I  
COMPARATIVE ANNUAL OPERATING COST SIMULATION SUMMARY<sup>(1)</sup>**

	<b>Lenoir NC</b>	<b>Goose Creek SC</b>	<b>Green Cove Springs FL</b>	<b>Lynn Haven FL</b>	<b>Crestview FL</b>	<b>Lebanon TN</b>	<b>Starkville MS</b>
Nonexempt Labor							
Weighted Average Hourly Earnings	\$18.91	\$18.42	\$20.00	\$17.86	\$17.57	\$18.13	\$17.66
Annual Base Payroll Costs	\$10,801,392	\$10,521,504	\$11,424,000	\$10,201,632	\$10,035,984	\$10,355,856	\$10,087,392
Fringe Benefits	\$3,996,515	\$3,892,957	\$4,226,880	\$3,774,604	\$3,713,314	\$3,831,667	\$3,732,335
<b>Total Annual Labor Costs</b>	<b>\$14,797,907</b>	<b>\$14,414,461</b>	<b>\$15,650,880</b>	<b>\$13,976,236</b>	<b>\$13,749,298</b>	<b>\$14,187,523</b>	<b>\$13,819,727</b>
Electric Power Costs	\$1,454,400	\$2,016,000	\$2,462,400	\$3,063,600	\$3,063,600	\$1,861,200	\$2,358,000
Amortization Costs	\$2,620,000	\$2,879,671	\$3,112,514	\$2,907,273	\$3,057,183	\$3,109,926	\$2,764,544
Property and Sales Tax Costs	\$1,016,488	\$1,268,772	\$1,223,091	\$964,074	\$1,016,171	\$1,508,044	\$985,507
Corporate Travel Costs	\$84,491	\$82,849	\$89,993	\$79,565	\$86,051	\$94,837	\$83,095
<b>Total Annual Geographically- Variable Operating Costs</b>	<b>\$19,973,286</b>	<b>\$20,661,753</b>	<b>\$22,538,878</b>	<b>\$20,990,748</b>	<b>\$20,972,303</b>	<b>\$20,761,530</b>	<b>\$20,010,873</b>

NOTES:

(1) Includes major geographically-variable operating costs. Start-up and relocation costs not considered.

**HIGH TECHNOLOGY  
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**A COMPARATIVE SMALL  
CITY COST ANALYSIS**

**CENTRAL U.S. REGION - EXHIBIT I  
COMPARATIVE ANNUAL OPERATING COST SIMULATION SUMMARY<sup>(1)</sup>**

	<b>Bowling Green OH</b>	<b>Port Clinton OH</b>	<b>Lafayette IN</b>	<b>Noblesville IN</b>	<b>Holland MI</b>	<b>West Des Moines IA</b>	<b>Coralville IA</b>	<b>Kirksville MO</b>
Nonexempt Labor								
Weighted Average Hourly Earnings	\$21.10	\$20.80	\$20.98	\$21.31	\$21.58	\$21.19	\$20.49	\$21.04
Annual Base Payroll Costs	\$12,052,320	\$11,880,960	\$11,983,776	\$12,172,272	\$12,326,496	\$12,103,728	\$11,703,888	\$12,018,048
Fringe Benefits	\$4,459,358	\$4,395,955	\$4,433,997	\$4,503,741	\$4,560,804	\$4,478,379	\$4,330,439	\$4,446,678
<b>Total Annual Labor Costs</b>	<b>\$16,511,678</b>	<b>\$16,276,915</b>	<b>\$16,417,773</b>	<b>\$16,676,013</b>	<b>\$16,887,300</b>	<b>\$16,582,107</b>	<b>\$16,034,327</b>	<b>\$16,464,726</b>
Electric Power Costs	\$2,325,600	\$2,394,000	\$1,882,800	\$1,882,800	\$2,426,400	\$1,310,400	\$1,436,400	1,302,840
Amortization Costs	\$3,366,846	\$3,338,089	\$3,112,939	\$3,319,343	\$3,161,938	\$3,106,778	\$3,127,814	\$3,203,216
Property and Sales Tax Costs	\$1,257,512	\$1,176,139	\$1,075,779	\$1,113,624	\$1,040,998	\$1,092,807	\$1,159,024	\$1,406,695
Corporate Travel Costs	\$83,916	\$82,848	\$88,269	\$89,664	\$86,463	\$82,110	\$79,893	\$77,265
<b>Total Annual Geographically- Variable Operating Costs</b>	<b>\$23,545,552</b>	<b>\$23,267,991</b>	<b>\$22,577,560</b>	<b>\$23,081,444</b>	<b>\$23,603,099</b>	<b>\$22,174,202</b>	<b>\$21,837,458</b>	<b>\$22,454,742</b>

NOTES:

(1) Includes major geographically-variable operating costs. Start-up and relocation costs not considered.

**HIGH TECHNOLOGY  
MANUFACTURING**

**A COMPARATIVE SMALL  
CITY COST ANALYSIS**

**CENTRAL U.S. REGION - EXHIBIT I  
COMPARATIVE ANNUAL OPERATING COST SIMULATION SUMMARY<sup>(1)</sup>**

	<b>Urbana IL</b>	<b>Lenexa KS</b>	<b>Pryor Creek OK</b>	<b>Ardmore OK</b>	<b>Nacogdoches TX</b>	<b>Sugar Land TX</b>	<b>Big Spring TX</b>
Nonexempt Labor							
Weighted Average Hourly Earnings	\$21.35	\$21.08	\$18.42	\$18.15	\$18.87	\$19.85	\$18.31
Annual Base Payroll Costs	\$12,195,120	\$12,040,896	\$10,521,504	\$10,367,280	\$10,778,544	\$11,338,320	\$10,458,672
Fringe Benefits	\$4,512,194	\$4,455,132	\$3,892,957	\$3,835,894	\$3,988,061	\$4,195,178	\$3,869,709
<b>Total Annual Labor Costs</b>	<b>\$16,707,314</b>	<b>\$16,496,028</b>	<b>\$14,414,461</b>	<b>\$14,203,174</b>	<b>\$14,766,605</b>	<b>\$15,533,498</b>	<b>\$14,328,381</b>
Electric Power Costs	\$2,790,000	\$1,825,200	\$1,836,000	\$1,692,000	\$3,096,000	\$3,096,000	\$3,096,000
Amortization Costs	\$3,483,497	\$3,301,114	\$2,925,062	\$2,953,719	\$2,641,767	\$2,854,828	\$2,711,539
Property and Sales Tax Costs	\$1,840,618	\$1,715,404	\$1,211,433	\$1,133,605	\$1,325,860	\$1,421,267	\$1,348,003
Corporate Travel Costs	\$88,926	\$86,136	\$82,443	\$85,890	\$74,229	\$109,566	\$73,572
<b>Total Annual Geographically- Variable Operating Costs</b>	<b>\$24,910,355</b>	<b>\$23,423,882</b>	<b>\$20,469,399</b>	<b>\$20,068,388</b>	<b>\$21,904,461</b>	<b>\$23,015,159</b>	<b>\$21,557,495</b>

NOTES:

(1) Includes major geographically-variable operating costs. Start-up and relocation costs not considered.

**WESTERN U.S. REGION - EXHIBIT I  
COMPARATIVE ANNUAL OPERATING COST SIMULATION SUMMARY<sup>(1)</sup>**

	<b>Englewood CO</b>	<b>Sparks NV</b>	<b>Mesquite NV</b>	<b>Goodyear AZ</b>	<b>Bozeman MT</b>	<b>Tualatin OR</b>	<b>Quincy WA</b>
Nonexempt Labor							
Weighted Average Hourly Earnings	\$22.58	\$21.97	\$21.35	\$22.17	\$20.12	\$22.38	\$20.32
Annual Base Payroll Costs	\$12,897,696	\$12,549,264	\$12,195,120	\$12,663,504	\$11,492,544	\$12,783,456	\$11,606,784
Fringe Benefits	\$4,772,148	\$4,643,228	\$4,512,194	\$4,685,497	\$4,252,241	\$4,729,879	\$4,294,510
<b>Total Annual Labor Costs</b>	<b>\$17,669,844</b>	<b>\$17,192,492</b>	<b>\$16,707,314</b>	<b>\$17,349,001</b>	<b>\$15,744,785</b>	<b>\$17,513,335</b>	<b>\$15,901,294</b>
Electric Power Costs	\$1,645,200	\$3,808,800	\$2,818,800	\$2,448,000	\$2,250,000	\$2,386,800	\$1,026,000
Amortization Costs	\$3,709,059	\$3,444,871	\$3,773,111	\$3,503,719	\$3,216,071	\$3,810,864	\$3,031,858
Property and Sales Tax Costs	\$2,286,513	\$1,142,465	\$1,199,817	\$1,699,142	\$525,240	\$495,998	\$1,105,659
Corporate Travel Costs	\$102,966	\$106,908	\$103,623	\$98,205	\$76,200	\$99,765	\$82,200
<b>Total Annual Geographically- Variable Operating Costs</b>	<b>\$25,413,582</b>	<b>\$25,695,536</b>	<b>\$24,602,665</b>	<b>\$25,098,067</b>	<b>\$21,812,296</b>	<b>\$24,306,762</b>	<b>\$21,147,011</b>

NOTES:

(1) Includes major geographically-variable operating costs. Start-up and relocation costs not considered.

**WESTERN U.S. REGION - EXHIBIT I  
COMPARATIVE ANNUAL OPERATING COST SIMULATION SUMMARY<sup>(1)</sup>**

	<b>Walnut Creek CA</b>	<b>Porterville CA</b>	<b>Davis CA</b>	<b>Merced CA</b>	<b>Apple Valley CA</b>	<b>Folsom CA</b>	<b>Riverbank CA</b>	<b>Barstow CA</b>
Nonexempt Labor								
Weighted Average Hourly Earnings	\$23.90	\$21.97	\$23.47	\$22.17	\$22.38	\$23.26	\$22.17	\$21.76
Annual Base Payroll Costs	\$13,651,680	\$12,549,264	\$13,406,064	\$12,663,504	\$12,783,456	\$13,286,112	\$12,663,504	\$12,429,312
Fringe Benefits	\$5,051,122	\$4,643,228	\$4,960,244	\$4,685,496	\$4,729,879	\$4,915,861	\$4,685,496	\$4,598,845
<b>Total Annual Labor Costs</b>	<b>\$18,702,802</b>	<b>\$17,192,492</b>	<b>\$18,366,308</b>	<b>\$17,349,000</b>	<b>\$17,513,335</b>	<b>\$18,201,973</b>	<b>\$17,349,000</b>	<b>\$17,028,157</b>
Electric Power Costs	\$3,024,000	\$2,646,000	\$3,024,000	\$3,024,000	\$2,646,000	\$2,570,400	\$3,024,000	\$2,646,000
Amortization Costs	\$4,711,783	\$4,191,866	\$4,459,826	\$4,289,070	\$4,085,637	\$4,396,016	\$4,295,657	\$4,034,984
Property and Sales Tax Costs	\$1,527,044	\$1,423,597	\$1,382,772	\$1,393,639	\$1,365,191	\$1,345,030	\$1,321,228	\$1,356,976
Corporate Travel Costs	\$112,983	\$75,540	\$108,303	\$77,184	\$76,035	\$106,662	\$102,063	\$75,132
<b>Total Annual Geographically- Variable Operating Costs</b>	<b>\$28,078,612</b>	<b>\$25,529,495</b>	<b>\$27,341,209</b>	<b>\$26,132,893</b>	<b>\$25,686,198</b>	<b>\$26,620,081</b>	<b>\$26,091,948</b>	<b>\$25,141,249</b>

NOTES:

(1) Includes major geographically-variable operating costs. Start-up and relocation costs not considered.