



Mesquite rates high as potential manufacturing site

David Bly, Desert Valley Times • Published: August 03, 2010 4:55AM

A corporate site selection consultant has named Mesquite as one of the top small cities in the west as a site for high-tech manufacturing.

The ranking is based on projected operating costs.

The Boyd Company Inc. of Princeton, N.J. — which lists Hewlett-Packard, Pratt & Whitney, PepsiCo and JP Morgan Chase among its clients — conducted a study which focused on small-market cities in each region of the country considered to be on the radar screen for new industry as the economy emerges from the recession.

Quincy, Wash., topped the list of 15 cities in the west. Mesquite was fourth on that list.

The study ranked Lenoir, N.C., at the top in the east, and Ardmore, Okla., as the top city in the central U.S region.

The study was based on the annual operating costs of a hypothetical 250,000-square-foot high-tech manufacturing facility employing 300 workers, located in a city with a population of less than 50,000. The study calculated such costs as labor, energy, water, land and taxes.

Total annual operating costs at Quincy were projected to be \$21,147,011. Bozeman, Mont., came second at \$21,812,296 and Tualatin, Ore., was third at \$24,306,762. Mesquite was close behind with projected costs of \$24,602,665. Sparks is 10th on the list and Walnut Creek, Calif., was the most expensive at \$28,078,612.

John Boyd, president of the Boyd Company, who was in Mesquite Thursday, said in today's economy, comparative costs rule the corporate site selection process. While many communities tout their quality of life, it's the bottom line that comes first.

"Quantitative factors are dominating," he said. "Qualitative factors, because of the world economy, are taking a back seat. On quality of life, it's difficult to make a case. Some people like vanilla, some like

chocolate. Some people like to golf, some like to ski."

He said the DVD being produced to spotlight Mesquite's attractions and amenities is not a wasted effort, though.

"That will get the prospects here," he said.

Historically, Mesquite was a lower-cost alternative to Las Vegas, Boyd said. California and East Coast entities looking to relocate in Las Vegas would have likely looked at Mesquite with its Technology and Commerce Center, less congestion and lower costs.

"The challenge you have now is that real estate costs in Las Vegas have dropped dramatically, and Mesquite has lost that price advantage," he said.

"Mesquite is faced with the challenge of looking beyond Nevada to corporations that want smaller, more manageable locations. You can't depend on the Las Vegas spinoffs because the spinoffs aren't spinning off any more."

"Nevada is competing with not just Arizona and New Mexico."

Industries are looking to places like Central Washington to establish new manufacturing plants because of the region's abundant supplies of labor, water and inexpensive green energy.

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Recently, Quincy was chosen as the site for BMW's composites plant which will manufacture carbon-fiber reinforced plastics for BMW's proposed Megacity vehicle.

"Years ago, that might go to South Carolina, North Carolina or Tucson, but with the emphasis on low-cost green power, it went to Quincy," said Boyd.

"It used to be location, location, location. Now it's energy, energy, energy."

He said companies in Nevada have to be competitive not only with California and Washington, they have to compete with Canadian firms, and companies in Wales and elsewhere in the world.

"It's a global economy," he said. "The genie is out of the bottle."

Nevada can compete, he said.

"You have a positive business climate here," he said, "although you have some fiscal uncertainties, such as state pensions." He was referring to Nevada's public employee pension which had a \$9 billion unfunded liability at the end of June, 2009.

Mesquite's pursuit of solar power projects and its successful opposition to the coal-fired power plant at Toquop are also positive factors.

"Another driver is 'green,'" he said. "There is a branding value if a company is sourcing its energy from an alternate-energy source."

Another major factor is water, said Boyd.

"In the west it has become a pivotal issue," he said.

Water is a key fundamental, he said, though it's not always obvious. It's plain that industries such as food processing need abundant and reliable water supplies, but data processing plants also need water for cooling as do many other industries.

Tax incentives come into play but they are not at the top of the list, Boyd said.

"They're a necessary evil," he said. "To be competitive, you need incentives."

But municipalities should protect themselves, he said. When Dell built a computer plant in North Carolina, it got millions in incentives. Then the plant closed early this year, but because of clawback clauses in the tax break agreements, those incentives are being repaid.

Other communities, he said, did not do due diligence, and lost out when facilities closed.

"Fundamentals are more important than tax incentives: labor, energy, water, transportation," he said.

To attract new industry, Mesquite needs to focus, rather than taking the shotgun approach, he said.

"Mesquite can't be all things to all industries," he said. "You must be selective, and choose corporations that will resonate with what you are."

Boyd said his company's study of small-market cities was scientific and neutral, designed to provide the best information possible to businesses.

"We're not in real estate, we have no vested interest," he said. "All we do is recommend the optimum location."

The Boyd Company recently conducted a poll of 100 U.S. Fortune 1000 companies to determine the factors companies look at in selecting new sites. At

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the top of the list was the availability of a skilled labor pool within commuting distance. The next three factors were access to low-cost and dependable energy supplies, access to a fiber-optic network, and proximity to the interstate.



John Boyd of The Boyd Company Inc. (David Bly, Desert Valley Times)

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