

Utah Manufacturing Industry

INDUSTRY PROFILE

11



Utah Manufacturing Industry

UTAH MANUFACTURING INDUSTRY OVERVIEW

In Utah, the manufacturing industry comprises 8.9% of all state employment.¹ Utah's manufacturing industry is currently the 3rd largest industry in the state for total employment. Presently, this industry employs around 113,000 workers and creates an additional 300,000 related jobs in the state. This industry boasts an average monthly wage of \$3,962, which is 16.8% higher than the statewide average monthly wage. Utah's manufacturing industry comprises the largest payroll in the state. The largest concentration of manufacturers, in descending order, operate in Salt Lake, Utah, Weber, Davis, Cache and Box Elder counties.²

UTAH MANUFACTURING STRENGTHS

Central Location for Transportation and Distribution

- Primary distribution hub to the major western cities and states.
- Central point of distribution between the Canada/Mexico corridor.
- Salt Lake City is the first location where the 3 major rail lines leaving the Seattle, San Francisco and Los Angeles ports meet.

Young, Highly Educated and Growing Workforce

- Utah ranked 2nd in the nation for its population growth rate of 2.1%.
- Utah is the youngest state in the nation with a median age of 29.2.
- The state experienced its highest growth rate since the 1990's in 2007 and a record high for natural increase at 40,763 in 2009.³

Low Cost of Living and Low Cost of Doing Business

- Both electricity and natural gas utility costs in Utah are among the 5 lowest across the nation.⁴
- Utah ranks 7th lowest in the nation for its cost of doing business.⁵
- Salt Lake City's cost of living index score is 100.0 compared to Las Vegas, Nevada at 103.6 and Denver, Colorado at 102.0.⁶

¹ Source: Governor's Office of Planning & Budget, June 2010 report

² Source: Utah Manufacturer's Association, Utah Department of Workforce Services

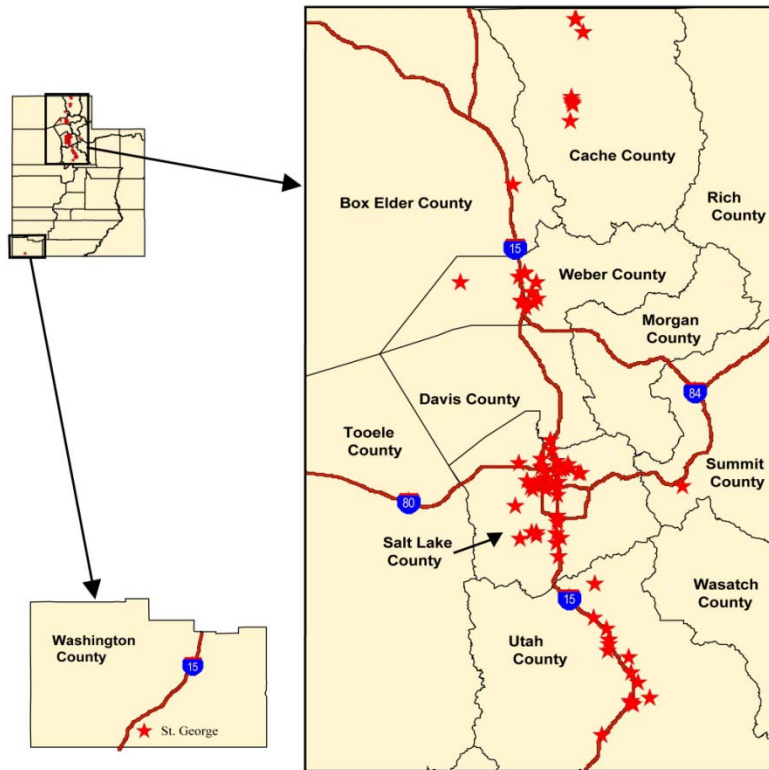
³ Source: Governor's Office of Planning & Budget, 2010 Economic Report to the Governor

⁴ Source: U.S. Energy Information Administration

⁵ Source: CNBC, America's Top States for Business, 2010

⁶ Source: ACCRA Cost of Living, 1st Quarter 2010 data

UTAH MANUFACTURING INDUSTRY DENSITY (Companies with 50+ Employees)⁷



LABOR

Approximately 76% of Utah's total labor pool resides in the Salt Lake, Weber, Davis, and Utah counties.

Unemployment Rates

Utah's unemployment rate is currently at 7.4% for April 2011, compared to the national rate of 8.7%.

Region / Location	Civilian Labor Force (May 2011)	Unemployment Rate (May 2011)
Beaver County	3,487	7.7
Box Elder County	21,325	8.9
Cache County	63,016	5.2
Carbon County	10,377	7.2
Daggett County	434	6.2
Davis County	146,127	6.6
Duchesne County	9,794	6.0
Emery County	5,330	7.4
Garfield County	3,020	10.8
Grand County	5,498	10.6
Iron County	19,831	8.7

⁷ Source: InfoUSA, EDCUtah, Decision Data Resources

Juab County	3,967	10.5
Kane County	3,337	8.0
Millard County	6,161	5.4
Morgan County	3,997	6.7
Piute County	746	6.9
Rich County	1,100	5.8
Salt Lake County	549,253	6.9
San Juan County	5,281	12.3
Sanpete County	10,586	8.9
Sevier County	9,653	7.8
Summit County	22,181	6.4
Tooele County	27,823	7.4
Uintah County	17,600	5.5
Utah County	220,965	7.2
Wasatch County	9,896	8.2
Washington County	57,801	9.3
Wayne County	1,401	9.9
Weber County	112,788	8.1
Utah*	1,352,507	7.4
United States*	153,421,000	8.7

*State of Utah and U.S. data as of April 2011

Source: Utah Department of Workforce Services

Source: Bureau of Labor Statistics

Unionization

Utah's labor force union affiliation is extremely low. The state is fourteenth lowest in the nation with 8.4% of total employment being union members.⁸ Utah is a right-to-work state, allowing the right of persons to work, whether in private employment or for the state, counties, cities, school districts, or political subdivisions. This right may not be denied or abridged on account of membership or non-membership in a labor union, labor organization, or other type of similar association.⁹

Wage Data

The Utah Department of Workforce Services provides wage data for various occupation titles statewide. The Bureau of Labor Statistics provides wage data for the same occupation titles for the nation. The following table lists common manufacturing positions and the corresponding mean wages.

Title of Position (SOC Code)	State of Utah	National Comparison
General & Operations Managers (11-1021)	\$81,930	\$113,100
Managers of Production / Operating Workers (51-1011)	\$50,330	\$56,170
Industrial Machinery Mechanics (49-9041)	\$43,540	\$47,100
Team Assemblers (51-2092)	\$28,140	\$29,220
Helpers – Production Workers (51-9198)	\$22,980	\$24,240

Source: Utah Department of Workforce Services

Source: Bureau of Labor Statistics

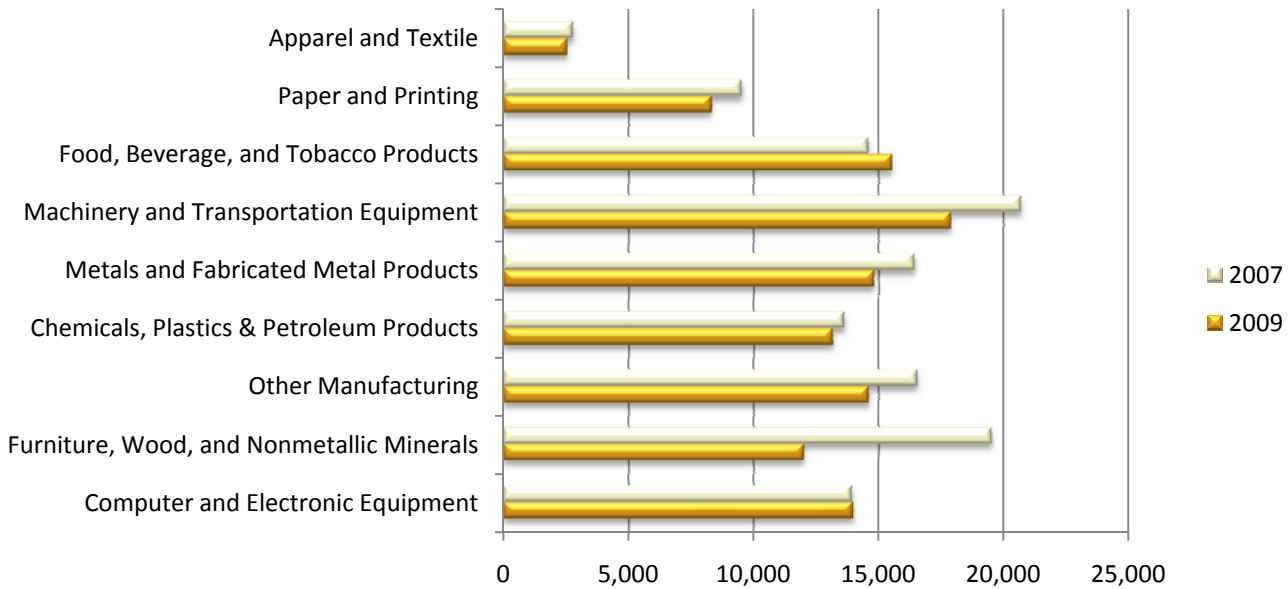
⁸ Source: Bureau of Labor Statistics, 2010 data

⁹ Source: Utah Code, Title 34, Chapter 34

Effect of Economic Downturn¹⁰

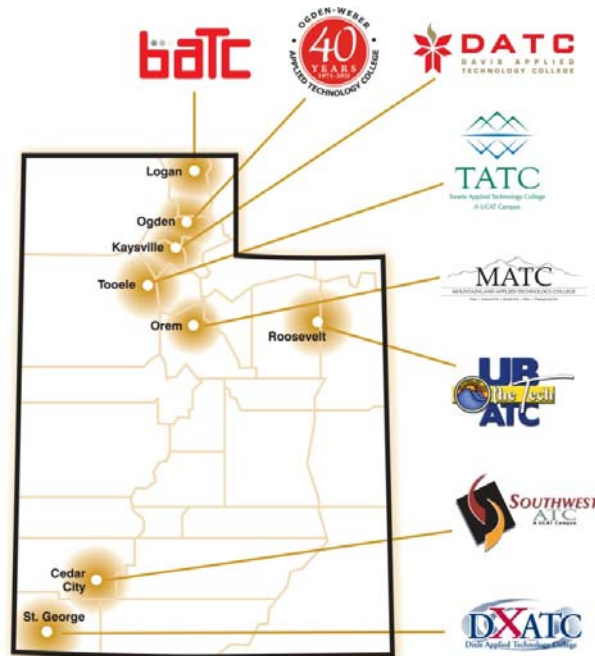
Next to construction, employment in the manufacturing sector has been most significantly impacted during these difficult economic times. The number of jobs in the industry peaked in 2007 at 127,649 when the last economic expansion in Utah, and the nation, ended. At first employment losses were gradual—through about July 2008—then picking up and dropping quite dramatically since October 2008, through April 2009. In the last three months of 2009, manufacturing jobs were just below 113,000.

Manufacturing Jobs by Category
2007 to 2009 Comparison



UCAT

The Utah College of Applied Technology (UCAT) consists of ten Utah Applied Technology College campuses. UCAT provides opportunities for high quality statewide open-entry, open-exit, competency-based education. The campuses serve both high school and adult students.



¹⁰ Source: Utah Department of Workforce Services

Utah College of Applied Technology Enrollment

UCAT College	Geographic Location	Total Enrollment	Custom Fit Trainees
Bridgerland (BATC)	Logan	7,525	4,481
Central (Snow College)	Richfield	4,387	625
Davis (DATC)	Kaysville	8,637	1,446
Dixie (DXATC)	St. George	5,841	1,022
Mountainland (MATC)	Orem	5,453	2,134
Ogden-Weber (OWATC)	Ogden	5,969	1,852
Salt Lake-Tooele (SLTATC)	Salt Lake City	394	128
Southwest (SWATC)	Cedar City	2,559	912
Uintah Basin (UBATC)	Roosevelt	6,146	1,897
Total	Utah	46,911	14,497

Source: UCAT 2009 Annual Report

Utah College of Applied Technology Degrees Awarded (2009-2010 data)

UCAT Campus	Certified Programs Offered	Licensure Rate	Custom Fit Companies Served	Total Certificates Awarded
Total	291	98.0%	1,282	5,430

Source: UCAT

BUSINESS COSTS

Health Care Insurance

The Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends released its 2008 Medical Expenditure Panel Survey in mid-2009. This annual survey collects data from employer-sponsored health insurance offerings in the United States. The health care insurance component takes into consideration employer costs for single and family coverage.

Coverage	Cost to Employer				
	Utah	Arizona	California	New Mexico	United States
Single Coverage	\$3,485	\$3,507	\$3,836	\$3,601	\$3,712
Family Coverage	\$8,863	\$9,196	\$9,148	\$9,270	\$9,553

Source: Medical Expenditure Panel Survey, Table II.C.1 and Table II.D.1

Unemployment Insurance¹¹

All new, acquired, or existing businesses must register with the Utah Department of Workforce Services. All new employers are given a new employer rate based on the company's industry description. The most common new employer rate assigned is 1.20%. After being in operation and paying wages for a full fiscal year, July to June, the Utah Department of Workforce Services will assign an employer a rate specific to his/her company. The total taxable wage base is set each year by the Utah Department of Workforce Services by computing the average annual wage earned from the previous fiscal year by all insured employees. For 2011, the total taxable wage base is \$28,600.

Workers' Compensation Insurance

The National Council on Compensation Insurance manages the nation's largest database of workers compensation and employee injury data and statistical information. Classification analysts analyze business operations and provide classification accounts. These accounts correspond to a set employer loss cost, which varies for each state. Typical

¹¹ Source: Utah Department of Workforce Services

workers compensation rate data for the general manufacturing industry is provided in the following table (other rates may exist for different sectors in the manufacturing industry):

Classification Code / Description	Average Cost per \$100 of Payroll			
	Utah	Arizona	California*	Nevada
4452 – Plastics Mfg	\$2.00	\$3.16	N/A	\$5.43
3179 – Electrical Apparatus Mfg	\$2.12	\$1.87	\$5.27	\$3.31
4279 – Paper Goods Mfg	\$2.96	\$2.73	\$6.07	\$5.73
2883 – Furniture Mfg	\$3.52	\$3.42	\$9.95	\$5.03
3113 – Tool Mfg	\$1.62	\$1.99	\$3.87	\$2.19
3681 – Communication Device Mfg	\$1.40	\$0.83	\$1.70	\$1.87

*California workers compensation codes may differ.

Source: Workers Compensation Fund

Electric Power Costs¹²

Rocky Mountain Power, a subsidiary of PacifiCorp, is Utah’s primary electric service provider, accounting for over 80% of electricity sales in the state of Utah. Rocky Mountain Power consistently ranks among the lowest-cost electricity producers in the United States. Its parent company, PacifiCorp, provides energy to six western states. Utah also has several municipal power companies that offer competitive electricity rates. Basic rate schedules for commercial and industrial customers of Rocky Mountain Power are shown below. All on-peak time periods for October through April are 7 a.m. to 11 p.m., Monday through Friday (except holidays.) All on-peak time periods for May through September are 1 p.m. to 9 p.m., Monday through Friday (except holidays.) Off-peak time periods are all other times. Please contact EDCUtah for more detailed information concerning specific load profiles.

Schedule 6 – General Service Rates (Less than 1,000 kilowatts)

Customer Service Charge	\$45.00	Per Customer	
Facilities Charge	\$5.37 / kW	May – September Billing Months	
	\$4.49 / kW	October – April Billing Months	
Energy Charge	\$0.098184 / kWh	May – September Billing Months	For all On-Peak kWh
	\$0.029560 / kWh	May – September Billing Months	For all Off-Peak kWh
	\$0.082071 / kWh	October – April Billing Months	For all On-Peak kWh
	\$0.024782 / kWh	October – April Billing Months	For all Off-Peak kWh

Source: Rocky Mountain Power

Schedule 8 – Large General Service Rates (1,000 kilowatts and greater)

Customer Service Charge	\$55.00	Per Customer	
Facilities Charge	\$3.77 / kW		
Power Charge	\$12.33 / kW	May – September Billing Months	For all On-Peak kW
	None	May – September Billing Months	For all Off-Peak kW
	\$8.88 / kW	October – April Billing Months	For all On-Peak kW
	None	October – April Billing Months	For all Off-Peak kW
Energy Charge	\$0.040021 / kWh	May – September Billing Months	For all On-Peak kWh
	\$0.026987 / kWh	May – September Billing Months	For all Off-Peak kWh
	\$0.030677 / kWh	October – April Billing Months	For all On-Peak kWh
	\$0.026426 / kWh	October – April Billing Months	For all Off-Peak kWh

Source: Rocky Mountain Power

¹² Source: Rocky Mountain Power

Schedule 9 – General Service – High Voltage Rates (Supplied at 46,000+ volts from a single point)

Customer Service Charge	\$200.00	Per Customer	
Facilities Charge	\$1.71 / kW		
Power Charge	\$10.76 / kW	May – September Billing Months	For all On-Peak kW
	None	May – September Billing Months	For all Off-Peak kW
	\$7.30 / kW	October – April Billing Months	For all On-Peak kW
	None	October – April Billing Months	For all Off-Peak kW
Energy Charge	\$0.035858 / kWh	May – September Billing Months	For all On-Peak kWh
	\$0.022518 / kWh	May – September Billing Months	For all Off-Peak kWh
	\$0.026963 / kWh	October – April Billing Months	For all On-Peak kWh
	\$0.022518 / kWh	October – April Billing Months	For all Off-Peak kWh

Source: Rocky Mountain Power

Natural Gas Costs¹³

Of the western states, Utah not only ranks 2nd for the lowest natural gas wellhead prices at \$6.15 per thousand cubic feet, but is also in the top two for residential prices (\$8.03), commercial prices (\$6.78), and industrial prices (\$5.91).

Utah Cities with Municipal Power Companies

Utah Associated Municipal Power Systems (UAMPS) is a political subdivision of the State of Utah. UAMPS currently has 48 members consisting of municipal electric utilities and other local government units in Utah, Arizona, California, Idaho, Nevada and New Mexico. UAMPS, a project-based organization, presently operates 14 separate projects to provide a variety of power supply, transmission and related services to its members. EDCUTAH can assist with contacting local municipality power companies and gathering electricity rate data. The following list is provided by the Utah Associated Municipal Power Systems (UAMPS) and the Utah Municipal Power Agency (UMPA.)

Beaver City	Fillmore	Levan	Nephi	Salem
Blanding City	Heber City	Logan	Oak City	Santa Clara
Bountiful City	Holden Town	Manti	Paragonah	Spanish Fork
Brigham City	Hurricane	Meadow Town	Parowan	Spring City
Eagle Mountain	Hyrum	Monroe	Payson	Springville
Enterprise	Kanosh	Morgan	Price	St. George
Ephraim	Kaysville	Mt. Pleasant	Provo	Washington City
Fairview City	Lehi	Murray City		

Source: Utah Associated Municipal Power Systems (UAMPS), Utah Municipal Power Agency (UMPA)

Real Estate Costs¹⁴

Utah’s average manufacturing real estate costs rate low compared to other states in the western U.S. at \$4.44/square foot for manufacturing real estate (facilities of 25,00 SF or greater used in the production or development of goods).

Effective Average of Manufacturing Real Estate Costs by State (dollars/square foot annually 2010)

MT	UT	ID	NV	CO	AZ	CA
\$4.33	\$4.44	\$5.30	\$5.66	\$4.71	\$9.50	\$7.04

Source: NAI

Shipping Rates¹⁵

¹³ EIA, 2009 annual data

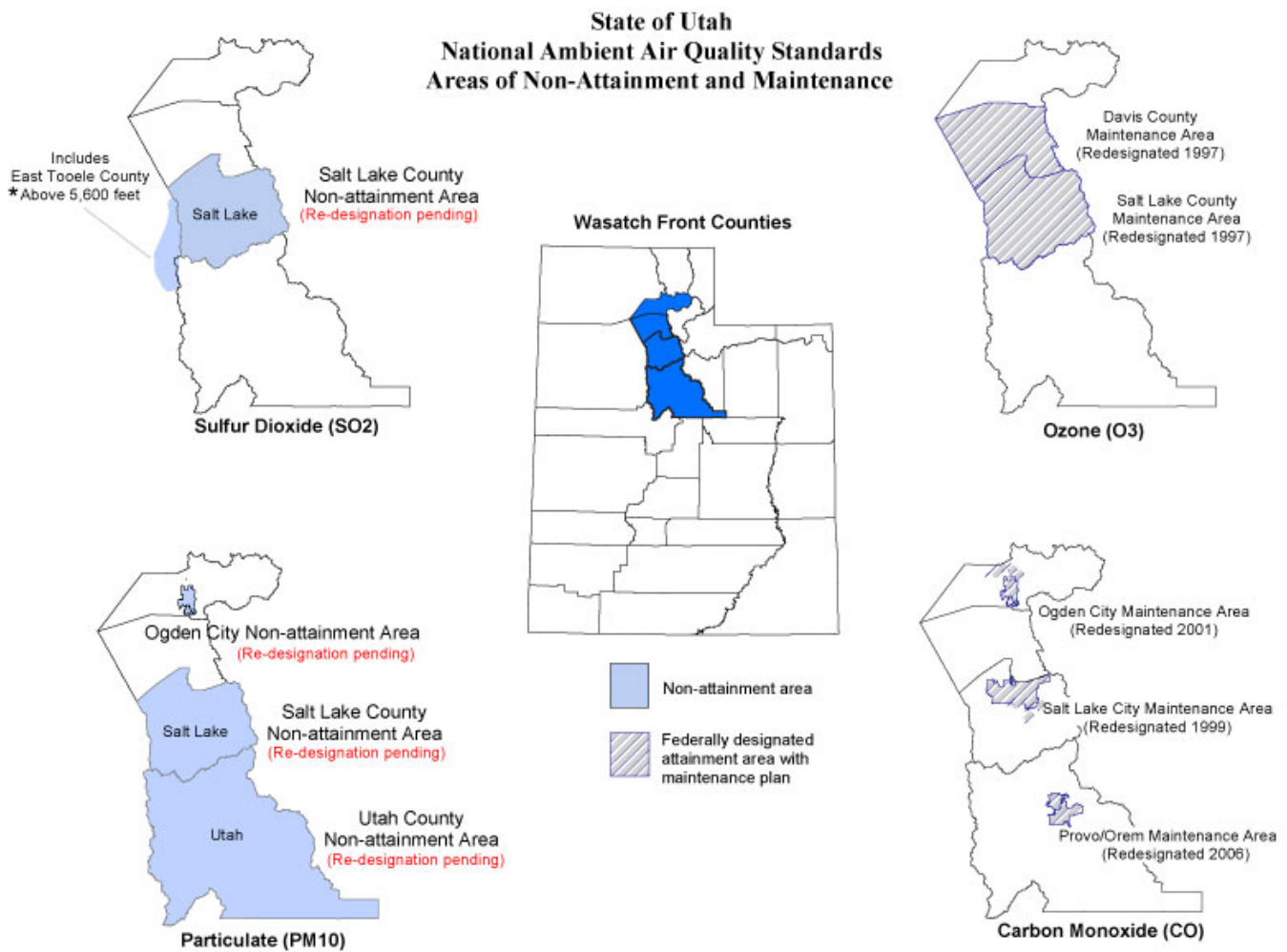
¹⁴ NAI

Utah has the 3rd lowest average load-to-truck ratio in the western U.S. The load-to-truck ratio represents how many loads are available to the number of trucks available in the market area. It can affect the quality of delivery, timeliness, and the security of the product as well as the price of shipping. Utah's low load-to-truck ratio partly contributes to Utah having the 2nd lowest refrigerated truck shipping rates and 4th lowest dry truck shipping rates in the western U.S.

Department of Environmental Quality (DEQ)

Attainment & Non-attainment Areas in Utah¹⁶

Non-attainment areas in Utah protect the state's air quality against specific pollutants. Utah County, Salt Lake County and a portion of Weber County have non-attainment areas for particulate matter (PM10.) Ogden City and the Provo/Orem area have non-attainment areas for carbon monoxide (CO.) Salt Lake County and the portion of Tooele County with an elevation above 5,600 feet have non-attainment areas for sulfur oxides (SO₂.) All areas in the state of Utah are currently attainment areas for ozone (O₃.) The following maps display all non-attainment areas in the state.



Class I Areas in Utah¹⁷

¹⁵ Source: CR England Logistics 2010

¹⁶ Source: Utah Department of Environmental Quality

Class I areas receive the most stringent protection from air quality degradation. Mandatory Class I Federal areas have one of the four following geographical descriptions: (1) international parks, (2) national wilderness areas that exceed 5,000 acres in size, (3) national memorial parks that exceed 5,000 acres in size, and (4) national parks that exceed 6,000 acres in size. There are five Class I areas in the state of Utah: Zion National Park, Bryce National Park, Capitol Reef National Park, Arches National Park and Canyonlands National Park.



Source: Decision Data Resources, EDCUtah

MAJOR MANUFACTURING COMPANIES IN UTAH

Rank	Organization	Contact	# of Employees	Brief Company Description
1	University Of Utah Health Care 50 North Medical Dr # 3a100 Salt Lake City, UT 84132	David E. Entwistle, CEO (801) 581-2121	5000 to 9999	Surgical & medical instrument manufacturing
2	ICON Health & Fitness Inc 1500 South 1000 West Logan, UT 84321	David J Watterson, CEO (435) 750-5000	1000 to 4999	Sporting & athletic goods manufacturing
3	Sun Products Corp 3540 West 1987 South Salt Lake City, 84104	Dan Huish, CEO (801) 975-3100	1000 to 4999	Miscellaneous manufacturing
4	Staker & Parson Co 151 West Vine St Murray, UT 84107	Scott Parsons, Vice President (801) 765-1245	1000 to 4999	Highway street & bridge construction
5	Nestle USA 815 Raymond Klauck Way Springville, UT 84663	Ann Willmore, Mfg Executive (801) 489-8621	1000 to 4999	Frozen specialty food manufacturing
6	L-3 Communications 640 N 2200 W Salt Lake City, Utah 84116	Susan D Opp President (801)592-2000	1,000 to 4,999	Communication equipment manufacturing

¹⁷ Source: Utah Department of Environmental Quality, EDCUTAH, Demographics Now

7	Im Flash Technologies LLC 1550 East 3400 North Lehi, UT 84043	Rod Morgan, CEO (801) 767-5040	1,000 to 4,999	Electronic computer manufacturing
8	Lifetime Products Inc Freeport Center Bldg # D11 Clearfield, UT 84016	Barry Mower, CEO (801) 776-1532	1,000 to 4,999	Sporting & athletic goods manufacturing
9	Autoliv North America 250 North 900 West Brigham City, UT 84302	Kurt Hallsey, Vice President (435) 734-6100	1,000 to 4,999	Automobile parts & supplies manufacturing
10	O C Tanner 1930 South State St Salt Lake City, UT 84115	David A Petersen, CEO (801) 486-2430	1,000 to 4,999	Fabricated metal products manufacturing
11	BD Medical 9450 South State Street Sandy, Utah 84070	Greg Meehan 9450 South State Street (801) 565-2300	1,000 to 4,999	Physicians and surgeon equipment manufacturing
12	LA-Z-Boy Furniture Galleries 350 West 1000 North Tremonton, UT 84337	Richard Hawkes, Vice President (435) 257-5282	1,000 to 4,999	Furniture stores and manufacturing
13	Swift & Co 410 North 200 West Hyrum, UT 84319	Jerry Peterson Mfg Executive (435) 245-6456	1,000 to 4,999	Meat Industry
14	ATK Launch Systems Freeport Center # C14 Clearfield, UT 84015	Jim Nichols, Manager (801) 775-1722	1,000 to 4,999	Aerospace industries manufacturing
15	Merit Medical Systems, Inc. 1600 Merit Parkway South Jordan, Utah 84095	Fred Lampropoulos, CEO (801) 253-1600	1,000 to 4,999	Physicians and surgeons equipment and supplies manufacturing
16	Nutra Force Inc 1500 Kearns Blvd # B200 Park City, UT 84060	Bruce Hough, President (435) 655-6000	1,000 to 4,999	Pharmaceutical preparation manufacturing
17	Nutra Pure Inc 1500 Kearns Blvd # B200 Park City, UT 84060	Bruce Hough, President (435) 655-6000	1,000 to 4,999	Pharmaceutical preparation manufacturing

Source: InfoUSA

FOR ADDITIONAL INFORMATION

Economic Development Corporation of Utah
201 South Main Street, Suite 2150
Salt Lake City, Utah 84111
Phone (801) 328-8824
Fax (801) 531-1460
www.EDCUtah.org





edcUTAH

ECONOMIC
DEVELOPMENT
CORPORATION
OF UTAH