



2009

Utah Distribution Industry Profile

EDCUTAH
ECONOMIC DEVELOPMENT
CORPORATION OF UTAH

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Distribution Industry Profile

INDUSTRY OVERVIEW¹

Utah is often referred to as the “Crossroads of the West,” making it a hub for the nation’s distribution industry. The key factors supporting Utah’s status as a hub for distribution include an extensive freeway system with more than 43,155 miles of highways and roads; a major rail system with more than 1,400 miles of railroad track stretching throughout the state; an international airport handling over 550 million pounds of air cargo and air freight annually and servicing over 22 million passengers in 2007; existence of a Customs Port of Entry; and a successful public transit system experiencing rapid growth and expansions all along the Wasatch Front. Utah’s low operating costs and available labor force make Utah an attractive location for the distribution industry.

UTAH DISTRIBUTION INDUSTRY STRENGTHS

Utah, the “Crossroads of the West,” is a Hub for the Nation’s Distribution Industry

- Salt Lake City International Airport is 2 ½ hours from half the nation’s population and just 10 minutes from downtown Salt Lake City. The airport offers 16 different cargo carriers for handling and shipping airfreight.
- Delta, operating its second largest hub at the Salt Lake City International Airport, is expanding its flights and now offers a direct flight from Salt Lake City to Paris, France.
- Salt Lake City serves as a full-service customs port city, making it a center for warehousing and distribution. There are over 1,500 trucking companies with a presence in the state.²
- Southern Utah serves the California market with a one-day turnaround.

Young, Highly Educated and Growing Workforce

- Utah ranks 6th in the nation with 91.2% of the population age 25+ having a high school diploma.³
- Utah ranked 3rd in the nation for its population growth rate of 3.2%.⁴
- Utah is the youngest state in the nation with a median age of 28.3.⁵

Low Cost of Doing Business

- Utah ranks 18th lowest in the nation for its cost of doing business index score at 90.1.⁶
- With an average electricity cost of 5.89 cents per kilowatt hour, Utah is the 3rd lowest utility cost in the western U.S.⁷

¹ Source: Utah Department of Transportation, Salt Lake City International Airport, Salt Lake Chamber of Commerce

² Source: DirectoriesUSA

³ Source: Economic Report to the Governor, 2008 edition

⁴ Source: U.S. Census Bureau

⁵ Source: Economic Report to the Governor, 2008 edition

⁶ Source: Milken Institute, 2007 Cost of Doing Business Index

⁷ Source: Edison Electric Institute, Summer 2007 rate data

MAJOR RECENT ANNOUNCEMENTS⁸

Delta Air Lines

Delta Air Lines is now offering a direct flight from Salt Lake City to Paris, France from the Salt Lake City International Airport. This will provide for an increase in commerce between Utah and France.

FedEx

FedEx placed a truck servicing facility in a rural Utah location, Salina. The facility will employ two full-time auto repair and mechanic specialists and brings \$750,000 in capital investment.

The Hershey Company

The Hershey Company has expanded its operations and is building a 600,000-square-foot distribution facility in Ogden, Utah. The facility will employ approximately 120 people and brings a total capital investment of roughly \$38 million to the state.

Sephora USA

Sephora USA recently built and is now operating a 320,000-square-foot warehouse in Salt Lake City as its primary western distribution center. This distribution center, completed in the spring of 2008, will serve all customers west of the Mississippi. This center provides more rapid service and more efficient and cost-effective transportation. At full capacity, the center will employ approximately 500 people. Salt Lake City was selected over Reno, Nevada.

U.S. Foodservice

U.S. Foodservice, the second largest food service distributor in the U.S., has expanded its Utah presence in Ogden. The company built a 265,000-square-foot distribution facility, which will serve as one of its 70 distribution and service points nationwide. The facility, planned for completion in late 2008, will employ approximately 400 people.

UTA's FrontRunner and TRAX Light Rail Expansions⁹

FrontRunner, a commuter rail system connecting counties along the Wasatch Front, began service from Salt Lake City north through Davis and Weber Counties to Pleasant View in April 2008. Ridership has far exceeded initial projections, proving Utah a viable location for successful public transit. The second phase of this commuter rail line broke ground in August 2008. It will run south from Salt Lake City through Utah County to Provo. The current TRAX light rail system has many planned expansions in the near future including new lines from downtown Salt Lake City to the Salt Lake City International Airport, Draper, South Jordan and West Valley City. These expansions will allow commuters from the south and west parts of Salt Lake County to more easily and reliably access downtown Salt Lake City, and vice versa.

⁸ Source: EDCUtah 2007-2008 Fiscal Report

⁹ Source: UTA

UTAH'S DISTRIBUTION INDUSTRY

Highways & Ground Freight¹⁰

Utah plays a key part in the transfer of consumer goods and raw materials throughout the United States. Approximately 1,500 trucking companies have a presence in the state of Utah. Three major interstates (I-15, I-80 and I-70) connect in the state and access in all directions is readily available. Movement of consumer goods and raw materials is able to reach the west coast in a 1-day to 2-day delivery time. Movement of goods from the west coast to the east can be made in a 1-day day range from Utah to Denver and a 4-day range from Utah to Atlanta.

Distance and Travel Time to Western Cities



¹⁰ Source: Utah Department of Transportation, Utah Trucking Association

Air Freight¹¹

Air freight service in the Salt Lake area allows companies to ship within hours to any point in the nation. 22 cargo carriers handled roughly 380 million pounds of air cargo and airmail at the end of 2007. Over the past 10 years, air cargo volumes at the airport have grown at an annual average rate of nine percent. The growth in cargo activity has necessitated the development of new cargo areas.

The Salt Lake City International Airport's cargo carriers include such major companies as:

- Airborne Express
- Ameriflight
- DHL Airways
- Emery Worldwide
- Federal Express
- United Parcel Service

Estimated Freight Shipping Costs to Various Destinations from Salt Lake City

Freight Destinations from Salt Lake City (Zip Codes)	Truckload (20,000 lbs., 50 Boxes, Class 70)
San Diego, California (92152)	\$2,366.91
Los Angeles, California (90210)	\$2,189.91
San Francisco, California (94150)	\$2,306.14
Portland, Oregon (97254)	\$2,660.89
Seattle, Washington (98124)	\$2,628.51
Denver, Colorado (80259)	\$1,673.91
Albuquerque, New Mexico (87101)	\$2,156.49
Las Vegas, Nevada (89120)	\$1,460.63
Phoenix, Arizona (85045)	\$2,304.08
Boise, Idaho (83729)	\$1,176.23
Casper, Wyoming (82601)	\$1,414.34

Source: American Freight Companies, September 2008 estimates

¹¹ *Source: Salt Lake County*

Air Transportation¹²

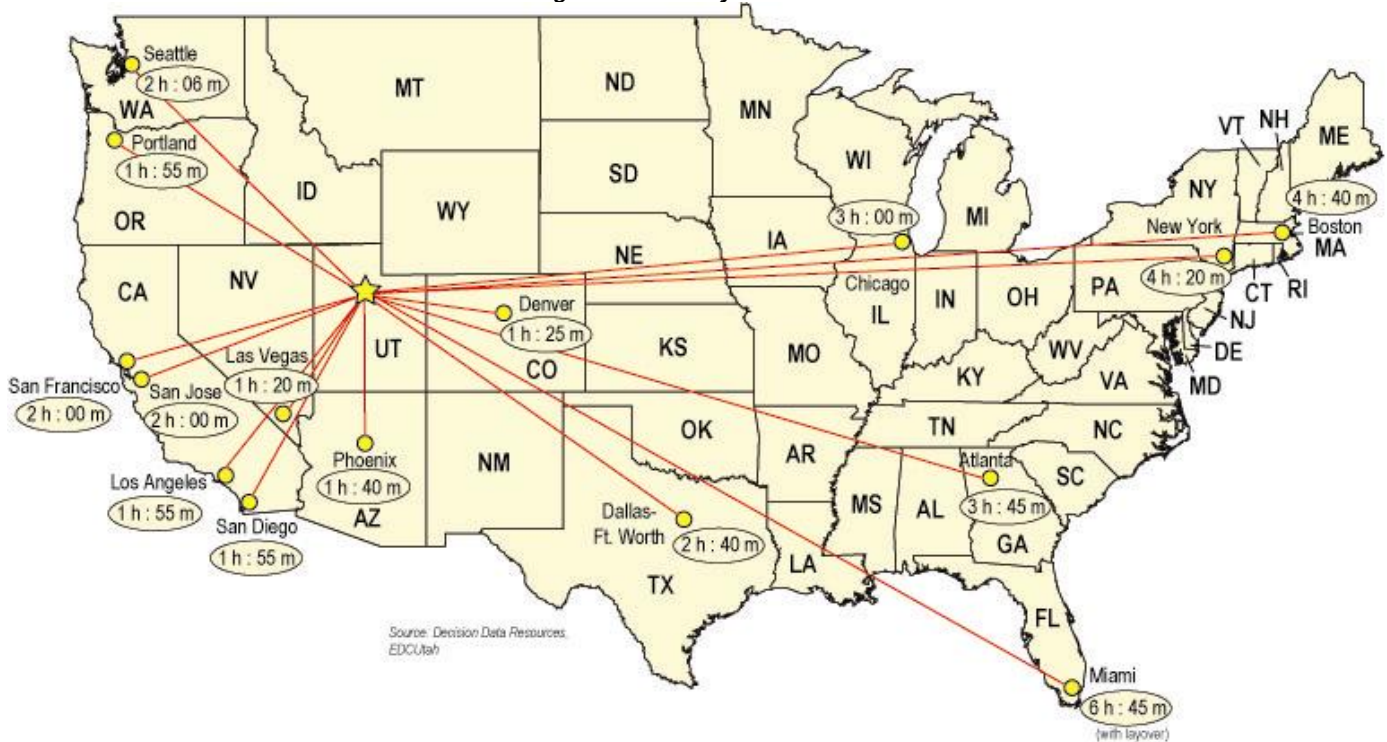
Salt Lake City International Airport, located just 5 miles from downtown Salt Lake City, provides a great resource for business or leisure travel. The airport recorded the best on-time arrival and departure record compared to all other major airports in the nation during 2007 with on-time arrivals for 81% of flights and on-time departures for 85% of flights.¹³ The airport has 13 airlines and provides over 700 scheduled daily flights with non-stop service to over 90 destinations. In 2007, the airport serviced 22 million passengers in and out of Salt Lake City, making it the 22nd busiest in the nation. Delta Air Lines, operating its second largest hub at the Salt Lake City International Airport, recently expanded its services to include a direct flight from Salt Lake City to Paris, France.

Airline Service from Salt Lake City

Airline	Daily Departures	Airline	Daily Departures	Airline	Daily Departures
American Airlines	7	jetBlue Airways	5	United Express	10
Continental Airlines	3	Northwest Airlines	4	US Airways	5
Continental Express	2	SkyWest Airlines	212	US Airways Express	
Delta Air Lines	95	Southwest Airlines	44		
Frontier Airlines	6	United Airlines	6		

Source: Salt Lake City International Airport

Flight Time to Major U.S. Cities



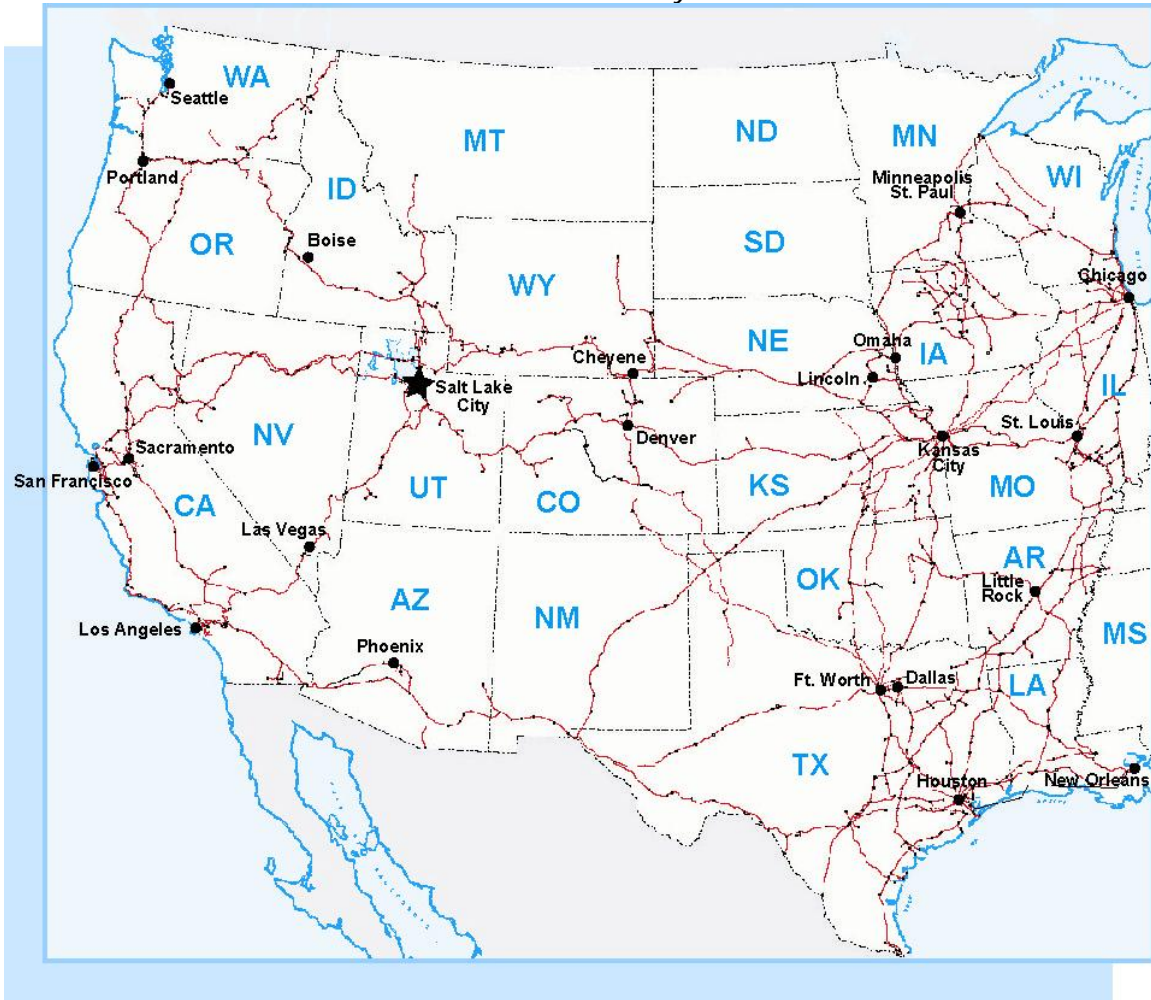
¹² Source: Salt Lake City International Airport

¹³ Source: Bureau of Transportation

Rail Distribution¹⁴

In the 1860's, the Golden Spike was driven at Utah's Promontory Point, marking the completion of the transcontinental railroad. Today, Utah has more than 1,400 miles of railroad track throughout the state that converge in the Salt Lake and Ogden MSA's. Union Pacific and BNSF are the primary rail service providers for the state, providing second-morning service to 90% of the western U.S. The main lines link Utah to major sea ports such as Los Angeles, Oakland, Portland and Seattle, as well as many other key locations throughout the country. Salt Lake City is the first location where the three major rail lines leaving Seattle, San Francisco and Los Angeles ports meet. Utah is an excellent interline switching route for west coast shipments and for eastern and midwestern terminals. Salt Lake City is the western-most point from which all west-coast cities can be directly served without backtracking.

Union Pacific Railroad System¹⁵



¹⁴ Source: Utah Department of Transportation, Rail and Freight Planner

¹⁵ Source: Union Pacific Railroad

LABOR

Unemployment Rates

Approximately 77% of Utah's total labor pool resides in the Salt Lake, Ogden-Clearfield and Provo-Orem metropolitan statistical areas. Utah's unemployment rate is currently 3.7% for August 2008.

Region / Location	Civilian Labor Force (August 2008)	Unemployment Rate (August 2008)
Box Elder	24,852	4.6
Cache	62,264	2.6
Davis	146,420	3.4
Iron	21,835	4.4
Salt Lake	561,311	3.5
Summit	22,907	3.4
Tooele	27,769	4.2
Uintah	18,336	2.3
Utah	223,761	3.4
Washington	63,776	5.1
Weber	114,828	4.4
Utah	1,383,592	3.7
United States	154,900,000	6.1

Sources: Utah Department of Workforce Services, Bureau of Labor Statistics



BUSINESS OPERATING COSTS

Wage Data

Utah's low operating costs make it an attractive location to operate a distribution center. With the youngest workforce in the nation at a median age of 27.9 according to the U.S. Census Bureau, Utah consistently provides an available and qualified workforce.

SOC Code	Title / Position	State of Utah	National Comparison	% Difference
11-3071	Managers of Transportation, Storage & Distribution	\$73,910	\$81,980	90.2%
53-1031	Supervisors of Transportation, Material Moving Machinery & Vehicle Operators	\$51,420	\$52,510	97.9%
43-5071	Shipping, Receiving and Traffic Clerks	\$25,830	\$28,410	90.9%
53-7062	Laborers & Freight / Stock / Material Movers (Hand)	\$22,360	\$23,840	93.8%
53-3032	Truck Drivers, Heavy & Tractor-Trailer	\$38,990	\$37,560	103.8%
53-3033	Truck Drivers, Light / Delivery Services	\$24,380	\$28,820	84.6%

Source: Utah Department of Workforce Services, May 2007 data; Bureau of Labor Statistics, May 2007 data

Unionization

Utah's labor force union affiliation is extremely low. The state is tenth lowest in the nation with 5.8% of total employment being union members.¹⁶ 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.¹⁷

Cost Comparison Model

EDC Utah can run a cost comparison model that enables a company to compare a Utah location with other select locations when considering a relocation or expansion. Other wage data, unemployment insurance and workers compensation rates may be applicable. Please contact EDC Utah for more information. (See contact information at the end of this document.)

BUSINESS INCENTIVES / BUSINESS FINANCING

Please contact the Economic Development Corporation of Utah (EDC Utah) for business incentive and/or business financing information. (See contact information at the end of this document.)

¹⁶ Source: Bureau of Labor Statistics, 2007 data

¹⁷ Source: Utah Code, Title 34, Chapter 34

TOP UTAH DISTRIBUTION CENTERS & SERVICES

Rank	Organization	Contact	# of Employees	Products / Services
1	Flying J, Inc. 1104 Country Hills Drive Salt Lake City, Utah 84403	Phillip Adams President (801) 624-1000	Over 10,000	Distributes diesel fuel throughout entire U.S., convenience stores & restaurants
2	Associated Food Stores 1850 West 2100 South Salt Lake City, Utah 84104	Richard Parkinson CEO (801) 973-4400	1,000 to 4,999	Distributes grocery items to grocery stores and convenience stores in Utah, Idaho, Nevada, Colorado, Wyoming, Arizona and Montana
3	BD Medical Systems 9450 South State Street Sandy, Utah 84070	Gregory Meehan Vice President (801) 586-230	1,000 to 4,999	Manufactures and distributes various medical products
4	Fresenius Medical Systems 475 West 13 th Street Ogden, Utah 84404	Troy McGhee Director of Operations (801) 626-4515	1,000 to 4,999	Manufactures and distributes renal dialysis devices
5	Huish Detergents 15 West South Temple, Suite 1400 Salt Lake City, Utah 84101	Dan Huish President (801) 975-3100	1,000 to 4,999	Distributes private-label detergents and cleaning products
6	Icon Health & Fitness Freeport Center, # M11 Clearfield, Utah 84015	David Enz Plant Manager (801) 774-3850	1,000 to 4,999	Manufactures and distributes well-known brand home fitness equipment
7	Kimberly-Clark / Ballard Medical 12050 Lone Peak Parkway Draper, Utah 84020	Tim Dye General Manager (801) 572-6800	1,000 to 4,999	Manufactures and distributes various medical devices and supplies
8	La-Z-Boy, Utah P.O. Box 280 Tremonton, Utah 84337	Jerry Garren Vice President (435) 257-5282	1,000 to 4,999	Manufactures and distributes upholstered furniture
9	Lifetime Products Bldg. D-11/Freeport Center Clearfield, Utah 84016	Mr. Barry Mower CEO (801) 728-1959	1,000 to 4,999	Manufactures and distributes sporting goods and outdoor furniture
10	Nature's Sunshine Products P.O. Box 19005 Provo, Utah 84605	Douglas Faggioli President & CEO (801) 342-4300	1,000 to 4,999	Manufactures and distributes various nutritional products
11	Nestle USA – Food Group, Inc. 815 Raymond Klauck Way Springville, Utah 84663	Chuck Dries Plant Manager (801) 489-8621	1,000 to 4,999	Manufactures and distributes frozen foods
12	Merit Medical Systems, Inc. 1600 West Merit Parkway South Jordan, Utah 84095	Fred Lampropoulos President & CEO (801) 253-1600	1,000 to 4,999	Manufactures and distributes various medical products
13	NuSkin Enterprises, Inc. 75 West Center Street Provo, Utah 84601	Truman Hunt CEO (801) 345-1000	5,000 to 9,999	Manufactures and distributes nutritional and personal care products
14	RC Willey Home Furnishings 2301 South 300 West Salt Lake City, Utah 84115	Scott Hymas CEO (801) 461-3900	1,000 to 4,999	Warehouses and distributes furniture, electronics and flooring/carpet
15	ICU Medical, Inc. 4455 Atherton Drive Salt Lake City, Utah 84123	Mike McGrew Plant Manager (801) 262-2688	500 to 999	Manufactures and distributes surgical equipment
16	Lofthouse Foods 215 North 700 West, Building 5D Ogden, Utah 84404	Mark Stoner HR Manager (801) 317-1480	500 to 999	Manufactures and distributes specialty desserts
17	Newspaper Agency Corporation 143 South Main Street Salt Lake City, Utah 84111	Harry Whipple President & CEO (801) 237-2800	500 to 999	Distributes Salt Lake Tribune and Deseret Morning News newspapers
18	Tahitian Noni International, Inc. 333 West River Park Drive Provo, Utah 84604	Kelvin Olsen President (801) 234-1000	500 to 999	Produces and distributes health supplements

19	Wal-Mart Distribution Center 5400 West Highway 83 Corinne, Utah 84307	Robert Marabella Manager (435) 744-4000	500 to 999	Department and discount store distribution center
20	Wal-Mart Distribution Center 150 North Highway 91 Hurricane, Utah 84737	Keith Knolls Manager (435) 634-1090	500 to 999	Department and discount store distribution center
21	Provo Craft Warehouse 151 East 3450 North Spanish Fork, Utah 84660	Robert Workman CEO (801) 794-9000	250 to 499	Wholesales and distributes craft items
22	Wonder Bread / Hostess Cakes 734 East 400 South Salt Lake City, Utah 84102	Brent Gill Plant Manager (801) 531-6057	250 to 499	Distributes Wonder Bread bakery goods
23	Easton Distribution Center 634 Challenger Road Salt Lake City, Utah 84116	Bret Darling Plant Manager (801) 539-1052	100 to 249	Outdoor and sporting equipment distribution center
24	Feature Films for Families 58 East 3750 South South Salt Lake, Utah 84115	Carrie Thompson Manager (801) 281-8181	100 to 249	Film editing services and distribution
25	Intermountain Distribution Center 256 South 5500 West Salt Lake City, Utah 84104	(801) 596-6968	100 to 249	Distribution services
26	Mervyn's Distribution Center 2455 South 3600 West Salt Lake City, Utah 84119	David Smith Owner (801) 977-2700	100 to 249	Apparel distribution center
27	Stock Building Supply 3781 South River Road St. George, Utah 84790	Boyd Hale Manager (435) 628-3601	100 to 249	Manufactures, distributes and installs building materials
28	Wal-Mart Distribution Center 929 Highway 138 Grantsville, Utah 84029	(435) 884-5100	100 to 249	Department and discount store distribution center

Source: DirectoriesUSA

TOP UTAH TRANSPORTATION COMPANIES

Rank	Organization	Contact	# of Employees	Products / Services
1	C.R. England Inc. 4701 West 2100 South Salt Lake City, Utah 84120	Daniel England CEO (801) 972-2712	1,000 to 4,999	Motor freight trucking services
2	Savage Services 6340 South 3000 East, Suite 600 Salt Lake City, Utah 84121	Allen Alexander CEO (801) 944-6600	1,000 to 4,999	Liquid and dry bulk trucking services
3	SkyWest Airlines, Inc. 444 South River Road St. George, Utah 84790	Jerry Atkin CEO (435) 634-3000	1,000 to 4,999	Airline passenger transportation services
4	United Parcel Service (UPS) 2040 Parkway Boulevard Salt Lake City, Utah 84119	Kevin Foley Manager (801) 973-3691	1,000 to 4,999	Mailing, shipping, courier, delivery and trucking services
5	Utah Transit Authority (UTA) 3600 South 700 West Salt Lake City, Utah 84119	John English Owner (801) 743-3882	1,000 to 4,999	Transportation consultants, bus lines and transit lines
6	Salt Lake City International Airport 776 North Terminal Drive Salt Lake City, Utah 84122	Tim Campbell Manager (801) 575-2400	500 to 999	International airport passenger transportation services
7	Unishippers Association, Inc. 746 East Winchester Street, Suite 200 Salt Lake City, Utah 84107	Steve Nelson CEO (801) 487-0600	500 to 999	Air cargo services

8	ABF Freight System Inc. 55 South Redwood Road Salt Lake City, Utah 84116	Tom Hale Manager (801) 355-2030	250 to 499	Motor freight trucking and moving services
9	Andrus Transportation Services 630 North 3050 East St. George, Utah 84790	James Andrus President (435) 673-1566	250 to 499	Motor freight trucking services
10	Barney Trucking Inc. 195 South 800 West Salina, Utah 84654	Brad Barney President (435) 529-3701	250 to 499	Heavy hauling trucking services
11	Central Refrigerated Service 5175 West 2100 South Salt Lake City, Utah 84120	Jon Isaacson CEO (801) 924-7000	250 to 499	Motor freight trucking services
12	Miller Blue Ribbon Beef Trucking 410 North 200 West Hyrum, Utah 84319	Ted Miller President (435) 245-6456	250 to 499	Meat packers and meat products transportation
13	Old Dominion Freight Line, Inc. 2902 Parkway Boulevard West Valley City, Utah 84119	Dave Free President (801) 952-9244	250 to 499	Motor freight trucking services
14	Pride Transport 5499 West 2455 South Salt Lake City, Utah 84120	Jeffrey England Owner (801) 972-8890	250 to 499	Motor freight trucking services
15	Yellow Transportation Inc. 2410 South 2700 West West Valley City, Utah 84119	Ken Hall Manager (801) 977-6200	250 to 499	Motor freight trucking services

Source: DirectoriesUSA

ECONOMIC DEVELOPMENT CORPORATION OF UTAH (EDCUTAH)

The Economic Development Corporation of Utah (EDCUtah) is a private, statewide, non-profit organization formed in 1987 to provide a unified and professionally managed economic development program promoting the state of Utah.

EDCUtah is an investor-based organization with more than 230 private sector businesses, organizations, chambers of commerce, municipalities and counties. Through these partnerships, EDCUtah facilitates an ongoing effort to develop and nurture a thriving business climate throughout Utah.

EDCUtah specializes in assisting companies considering Utah for a business relocation or expansion. The corporate recruitment team of EDCUtah coordinates all of the information key decision makers and economic development/site consultants need as they evaluate Utah as a site location.

FOR ADDITIONAL INFORMATION

The Economic Development Corporation of Utah
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Salt Lake City, Utah 84111
Phone (801) 328-8824
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EDCUTAH

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