

The Site Selection Process

Northshore Retail Development Conference

Tom Tveidt
Research Economist
Garner Economics, LLC
April 9, 2010

©2010 Garner Economics, LLC. This presentation can not be reproduced without the expressed consent, written or verbal, of Garner Economics.

Garner Economics LLC
solutions that work

www.garnereconomics.com

715 Birkdale Dr. | Atlanta, GA 30215 | 770-716-9544 | 770-719-8911 (f)



Who We Are

Garner Economics provides **creative, strategic and executable value** to companies, communities and organizations globally.

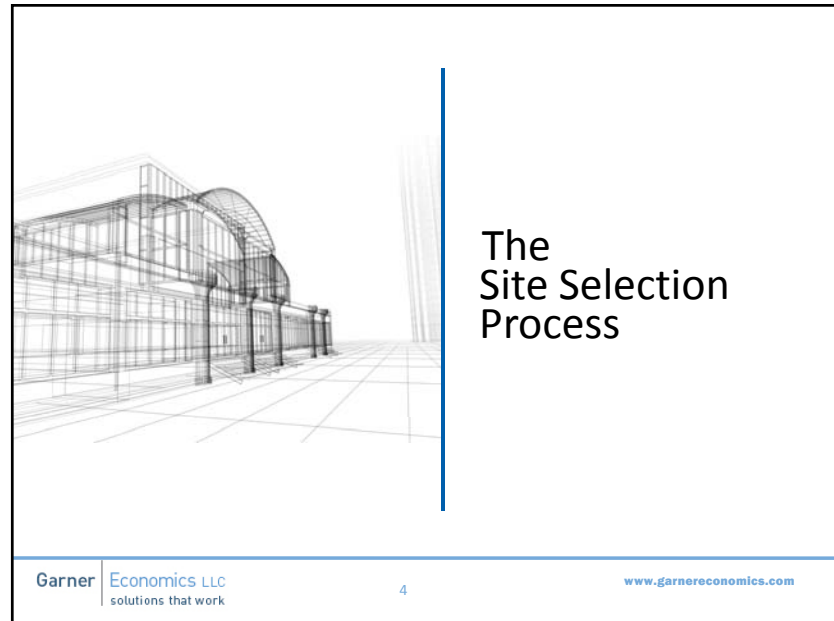


Garner Economics LLC
solutions that work

2

www.garnereconomics.com

Some of Our Clients



The Site Selection Process

Facility Siting Process Fundamentals



PROFIT DRIVEN

Investment for purpose of return. Business is in business to make a profit.



DEADLINE DRIVEN

Both the site selection process and the project.



COMPETITIVE

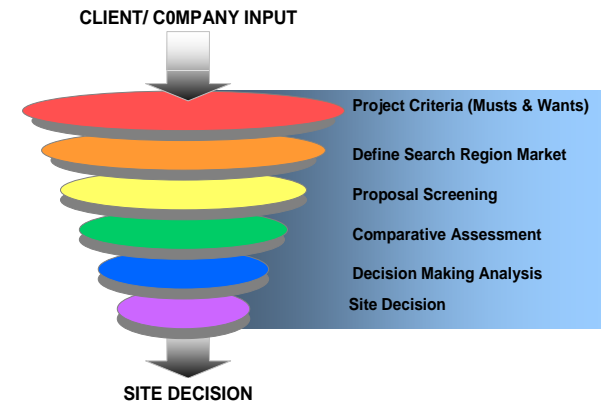
Multiple location options. We are looking for reasons to exclude you after the initial cut.



COMPREHENSIVE

Complex decision involving analytical and subjective analysis.

Competitive Site Selection: *Screening Process*



Facility Siting Process

PLANNING PHASE	PHASE I	PHASE II	PHASE III
By the Company	With the Company and Allies	With Allies	With All
Conception	Alignment/Criteria (Musts and Wants)	Community Visits	Location Evaluation (with company officials)
Feasibility	Regional Analysis by web and other data sources	Site Evaluation	Site Due Diligence
Investment Decision	Candidate States / Communities	Comparative Analyses	Negotiations (including incentives)
	RFP and Web Data Retrieval	Finalist Communities	Selection
	Community/site Questionnaire Review		Announcement

Facility Siting Process

PLANNING PHASE	PHASE I	PHASE II	PHASE III
By the Company	With the Company and Allies	With Allies	With All
Conception	Alignment/Criteria (Musts and Wants)	Community Visits	Location Evaluation (with company officials)
Feasibility	Regional Analysis by web and other data sources	Site Evaluation	Site Due Diligence
Investment Decision	Candidate States / Communities	Comparative Analyses	Negotiations (including incentives)
	RFP and Web Data Retrieval	Finalist Communities	Selection
	Community/site Questionnaire Review		Announcement

Phase I

Garner Economics LLC
solutions that work

Site Selection Worksheet
CONFIDENTIAL

This worksheet allows an objective method for selecting a site with the highest probability of success.

The worksheet has two sections:

Section One asks to check which factors are critical "musts". The site must have these factors to be considered viable.

Section Two asks to rank which factors are "wants". These factors are ranked according to desirability and can be accepted in relatively lesser degrees.

At the end of the worksheet is an illustrative example of how the worksheet information will be used for a comparative analysis of each site.

Garner Economics LLC CONFIDENTIAL Page 1 of 12

Garner Economics LLC
solutions that work

SECTION ONE
Critical "Must" Site Factors

Below are site factors that are critical "musts".
The site must have these factors in order to be considered viable.

Check ONLY factors that the site must have.

Below each checked factor you may more fully describe and detail the "must".

1. Human resource base (labor market)
Check ONLY factors that the site must have.

Commute zone definition
Describe _____

Workforce availability (within the effective commute zone)
Describe _____

Labor costs
Describe _____

Unionization
Describe _____

Training resources
Describe _____

Population and demographic conditions and trends
Describe _____

Employment by industry and occupation
Describe _____

Garner Economics LLC CONFIDENTIAL Page 2 of 12

Garner Economics LLC
solutions that work

9

www.garnereconomics.com

Phase I

Garner Economics LLC
solutions that work

2. Accessibility
Check ONLY factors that the site must have.

Orientation to markets
Describe _____

Highway linkage
Describe _____

Motor carrier
Describe _____

Rail
Describe _____

Air cargo
Describe _____

Air passenger
Describe _____

3. Occupancy
Check ONLY factors that the site must have.

Land
Describe _____

Greenfield sites
Describe _____

Industrial/business parks
Describe _____

Garner Economics LLC CONFIDENTIAL Page 3 of 12

Garner Economics LLC
solutions that work

Site costs
Describe _____

Building availability
Describe _____

Land use/master plans
Describe _____

Zoning regulations
Describe _____

Requisite permits
Describe _____

4. Utilities (cost, reliability, capacity)
Check ONLY factors that the site must have.

Electric power
Describe _____

Telecommunications (digital switching, fiber, points of presence)
Describe _____

Water supply
Describe _____

Water treatment
Describe _____

Sewer treatment
Describe _____

Natural gas
Describe _____

Garner Economics LLC CONFIDENTIAL Page 4 of 12

Garner Economics LLC
solutions that work

10

www.garnereconomics.com

Phase I

Garner Economics LLC
solutions that work

5. Environmental
Check ONLY factors that the site should have.

Air quality

Water quality

Permits

Land use goals

6. Business climate and operating environment
Check ONLY factors that the site should have.

Labor legislation

Employer opinion of local/state government

Corporate taxation

Garner Economics LLC CONFIDENTIAL Page 1 of 11

Garner Economics LLC
solutions that work

Business incentives

Industry mix

7. Quality-of-life
Check ONLY factors that the site should have.

Housing

Cost of living

Public education

Private education

Higher education

Crime rates

Climate

Arts/culture

Recreation

Garner Economics LLC CONFIDENTIAL Page 1 of 11

Phase I

Garner Economics LLC
solutions that work

SECTION TWO

Desirable Site "Wants"
Please rate factors according to their desirability at a site.

Please rank each factor 1 to 10. With 1 equating a least desired, non-critical factor, to 10 being a highly desired, near-critical factor.

1 ← → 10
Least Desired Highly Desired

1. Human resource base (labor market)
Please rank each factor 1 to 10. With 1 equating a least desired, non-critical factor, to 10 being a highly desired, near-critical factor.

Commute zone definition

Workforce availability (within the effective commute zone)

Labor costs

Unionization

Training resources

Employment by industry and occupation

Garner Economics LLC CONFIDENTIAL Page 1 of 11

Garner Economics LLC
solutions that work

2. Accessibility
Please rank each factor 1 to 10. With 1 equating a least desired, non-critical factor, to 10 being a highly desired, near-critical factor.

Orientation to markets

Highway linkage

Motor carrier

Rail

Air cargo

Air passenger

3. Occupancy
Please rank each factor 1 to 10. With 1 equating a least desired, non-critical factor, to 10 being a highly desired, near-critical factor.

Land

Greenfield sites

Garner Economics LLC CONFIDENTIAL Page 1 of 11

Phase I

Factor	Client Rank	Site A		Site B			
		Facts	Consultant Score	Weighted Score	Facts	Consultant Score	Weighted Score
Labor Costs	6	High wage and benefit costs	1	7	Low wages	8	14
Population Trends	4	Stable mild growth	5	9	Rapidly growing population	7	11
Highway Linkage	2	12 miles from interstate	2	4	1 miles from interstate	8	10
Cost of living	4	High housing costs	3	7	Lowest COLI in region	7	11
Site Costs	8	High land development costs	2	10	Low land development costs	9	17
Air Cargo	7	Limited availability	3	10	Site adjoins terminal	9	16
Total Weighted Score				47			79

Phase I

"Project [REDACTED]" - Confidential
Facility Site Selection Profile Summary

Product Operation:	Manufacturing and storage yard
Facility Size:	100,000 sq ft new construction
Land Requirements:	50 acres, easy access to four lane highway infrastructure, buffered from residential development, preferably in a publicly owned industrial park. Rail and water is not necessary.
Employees:	>200 initially. Future growth based on market demand.
Job profile:	Mostly male workers. Some office and admin. \$9-14.00 hr. avg. production wage, excluding benefits. Add 28-33% for total compensation package including benefits.
Current demographic at other locations:	80% male
Utility requirements:	Water - Domestic Sewer - Domestic Electricity - 3 Phase to run the equipment Natural Gas - minimal
Capital Investment:	\$30 million >

Please return the attached Candidate Site Application Questionnaire by 28/2009. **Both documents will be used.**

Jay A. Garner, CEO
President
Competitive Strategies Group, LLC
111 Fairdale Dr.
Atlanta (Fayetteville), GA 30215
jgarner@garnereconomics.com
www.garnereconomics.com

Phase I



Facility Site Selection Profile Summary

Product Operation:	[REDACTED]
Facility Size:	600,000 sq. ft.
Land Requirements:	65 acres, easy access to four lane highway infrastructure; buffered from residential development
Employees:	500-1000 based on market demand
Job profile:	[REDACTED] (75%), Maintenance, Sanitation, Warehousing and product receiving (25%)
Current demographic at other locations:	80% male
Utility requirements:	Water - 20,000,000 gallons/month Sewer - 16,000,000 gallons/month Electricity - 4,000,000 KWH/month with 8,000 peak demand Oil - 150,000 gallons/month Natural Gas - 8,000 MCF/month

Please return the attached Candidate Site Application Questionnaire by 11/17/2009, both electronically and by mail to:

Jay Garner, CEO
President
Competitive Strategies Group, LLC
715 Barkside Dr.
Atlanta, GA 30215
jgarner@garnereconomics.com
www.garnereconomics.com

Phase I

The image shows two overlapping website screenshots. The top screenshot is from the Louisiana Economic Development (LED) website, featuring a search bar and navigation tabs for 'EXPANSION/RELOCATION', 'BUSINESSES', and 'IN-STATE COMPANIES'. A prominent headline reads 'Seize the opportunity to thrive among innovative, globally competitive companies in Louisiana'. Below this, there are sections for 'I want to:', 'More on Expansion/Relocation', and 'Locate Your Business'. The bottom screenshot is from the California Association for Local Economic Development website, which includes a navigation menu and a main section titled 'Business Attraction Resources'. This section contains sub-sections like 'Business Attraction Resources', 'California is OPEN for Business!', and 'Business Attraction Resources'. It also lists upcoming events such as 'How's The Money? CALRED Recovery Summit' and 'Resolving Loan Fund Operations Facilitated'.

Phase I



Return to
Jay Garner, CEcD
President
Garner Economics, LLC
715 Birkdale Dr.
Atlanta, GA 30215
Phone: 770.716.9544
FAX: 770.719.8911
E mail: jgarner@garnereconomics.com

Send both a printed version by mail and an electronic copy by e-mail

Community Information and Candidate Site Application Questionnaire

“ PLEASE REFER TO [REDACTED] DESCRIPTION FOR PROJECT CHARACTERISTICS AND SPECIFIC DETAILS ”

Phase I

V. EDUCATION & TRAINING

a. Four Year College/University
Number of universities serving the area/within 30 miles [REDACTED]
Name of university [REDACTED]
Distance from site (miles) [REDACTED]
Types of degrees [REDACTED]

Attach: Capability of providing a customized training program [REDACTED]
If more than 1 university in site area, insert information here. [REDACTED]

b. Two Year College
Number of community college/vocational/tech schools serving the area: [REDACTED]
Name of community college/vocational/tech school [REDACTED]
Distance from site (miles) [REDACTED]
Type of degrees [REDACTED]

Attach: Capability of providing a customized training program [REDACTED]
If more than 1 comm. college / vocational / tech school in site area, insert information here. [REDACTED]

c. Training Resources
Describe local administration of government-sponsored new industry or expansion training programs? Please define and describe programs and resources available. [REDACTED]
Either privately or publicly, does local area provide vocational / technical support to new or expanding industry? Please define and describe programs and resources available. [REDACTED]

Phase I

VI. CLIMATOLOGICAL DATA

Natural Disasters

a. Provide information on natural disaster occurrences (past 100 years) as recorded and maintained by government climatological offices:

- Floods
- Tomadoes
- Hail
- Storms
- Humricanes/ Tsunamis
- Earthquakes

b. Estimated occurrence rate:

- Floods
- Tomadoes
- Hail
- Storms
- Humricanes/ Tsunamis
- Earthquakes

Climate

c. Climate:

- Elevation above mean sea level
- Temperature ranges by month
- Humidity factors by month
- Number of degree heating days
- Number of degree cooling days
- Annual snowfall
- Maximum snowfall within 24 hours
- Annual rainfall
- Maximum rainfall within 24 hours
- Number of days of sunshine
- Number of days of poor visibility and low ceiling
- Prevailing winds direction

Phase I

VIII. TRANSPORTATION

a. Major Airport(s)

- (1) Name of closest airport with custom facilities:
- (2) Distance (miles) to closest airport with custom facilities:
- (3) Provide the transit time (minutes) from site to named airport
- (4) Number of airline carriers at named airport:

b. Presence of Air Freight Services at Airport

- (1) List Service Providers:
- (2) If none, is airport capable of handling air freight services?

c. Distance to interstate or limited access, 4-lane improved national highway system

- (1) Identify closest north/south interstate(s) / national highway(s)
- (2) Distance (miles) to north/south interstate / national highway
- (3) Identify closest east/west interstate(s) / national highway(s)
- (4) Distance (miles) to east/west interstate / national highway

d. Transportation route to interstate / freeway (or a separated, 4-lane primary road with limited access) and interstate/4 lane interchange accesses:

- (1) Describe the obstacle-free transportation route from site to interstate (bridges, overpasses, tunnels, road type, controlled intersections, traffic patterns, congestion, surrounding land use, etc.)
- (2) Describe a second transportation route from site to interstate (bridges, overpasses, tunnels, road type, controlled intersections, traffic patterns, congestion, surrounding land use, etc.)

e. Access improvements

- (1) Please describe any road access improvements that will be necessary (i.e. Extension of roads, improvement of intersections, etc.)
- (2) Please estimate the cost of any access improvements

f. Trucking Service

- (1) Indicate number of trucking agencies serving the site:
- (2) Provide list of trucking companies

Phase I

X. UTILITY SERVICE

Utility Providers

- a. Name of Electric Power Company(ies) serving this site:
Transmission
Distribution
- b. Name of Gas Company(ies) serving this site:
Transmission
Distribution
- c. Name of Water / Wastewater Company serving this site:
- d. Name of Solid Waste Handler:

Utility Infrastructure

- e. **Electric**
 - (1) What is the approximate distance to the nearest substation that presently provides electric service to the site?
 - (2) If required, please estimate the cost of extending electric service to the site:
 - (3) Is dual-feed service a possible option for this site?
 - (4) Please estimate the cost of providing dual feed to the site:
 - (5) Indicate the average rate per kWh for this industry in your area:
 - (6) Indicate the average number and length of unplanned power outages to industry in your area each year:
- f. **Natural Gas:**
 - (1) Is natural gas service available at the site?
 - (2) Distance (feet or miles) to the Closest Gas Line to Service the Site:
 - (3) Indicate the average rate per million cubic feet for this industry in your area:

Phase I

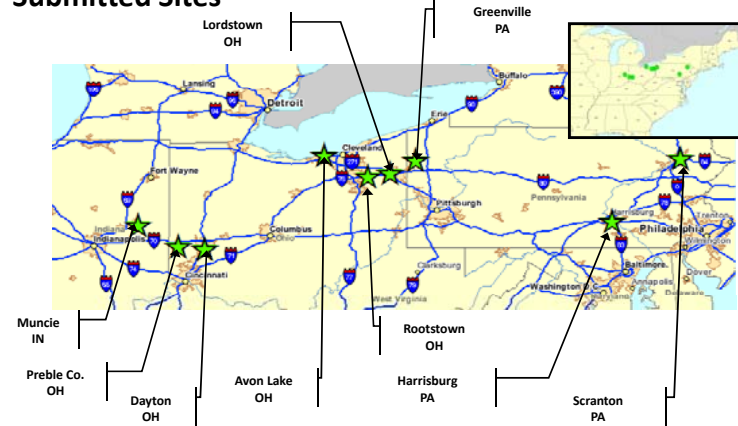


Facility Siting Process

PLANNING PHASE	PHASE I	PHASE II	PHASE III
By the Company	With the Company and Allies	With Allies	With All
Conception	Alignment/Criteria (Musts and Wants)	Community Visits	Location Evaluation (with company officials)
Feasibility	Regional Analysis by web and other data sources	Site Evaluation	Site Due Diligence
Investment Decision	Candidate States / Communities	Comparative Analyses	Negotiations (including incentives)
	RFP and Web Data Retrieval	Finalist Communities	Selection
	Community/site Questionnaire Review		Announcement

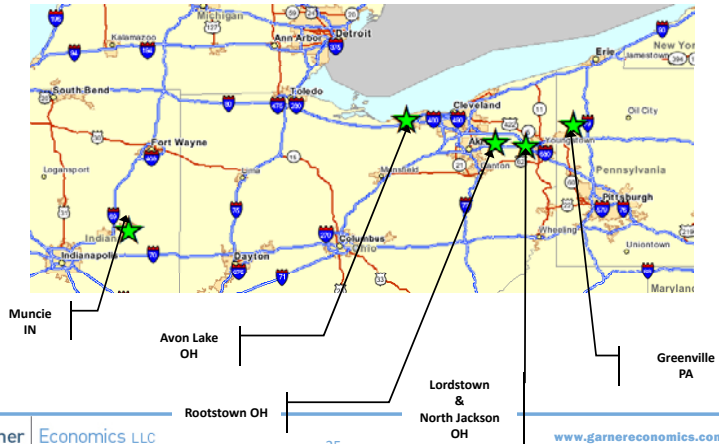
Phase II

Submitted Sites



Phase II

Qualified Sites to Visit



Phase II



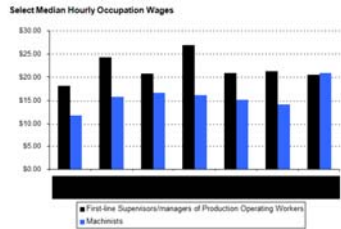
Phase II



Facility Siting Process

PLANNING PHASE	PHASE I	PHASE II	PHASE III
By the Company	With the Company and Allies	With Allies	With All
Conception	Alignment/Criteria (Musts and Wants)	Community Visits	Location Evaluation (with company officials)
Feasibility	Regional Analysis by web and other data sources	Site Evaluation	Site Due Diligence
Investment Decision	Candidate States / Communities	Comparative Analyses	Negotiations (including incentives)
	RFP and Web Data Retrieval	Finalist Communities	Selection
	Community/site Questionnaire Review		Announcement

Phase III



	First-line Supervisors/managers of Production Operating Workers	Machinists
█	\$18.16	\$11.78
█	\$24.32	\$15.75
█	\$20.78	\$16.72
█	\$26.92	\$16.20
█	\$20.90	\$15.18
█	\$21.23	\$14.21
█	\$20.57	\$20.87

Source: US Bureau of Labor Statistics, 2006, metro-level

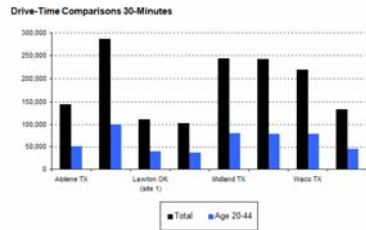
Phase III

Average Hourly Occupation Wages

	Butchers and Meat Cutters	Slaughterers and Meat Packers	Meat, Poultry, and Fish Cutters and Trimmers
█	\$12.34	\$11.33	\$11.75
█	\$9.81	na	na
█	\$12.34	\$11.33	\$11.75
█	\$13.18	na	\$10.00

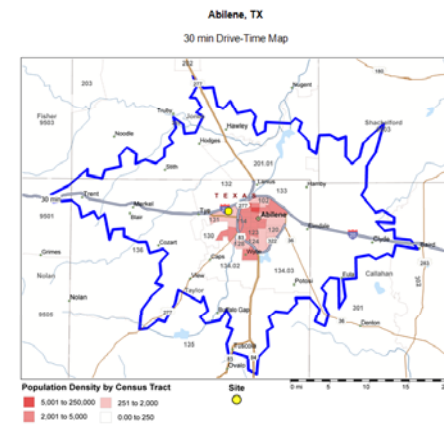
Source: US Bureau of Labor Statistics

Phase III



	Total Population	Population Age 20-44
█	143,698	51,840
█	285,794	100,096
█	109,951	40,191
█	101,791	37,676
█	243,425	79,524
█	241,842	79,115
█	217,752	79,091
█	132,291	46,208

Phase III



Phase III

Estimated Natural Gas

██████████	\$7 - \$8 per million BTUs (MMBtu)
██████████████████	\$8.50-\$9.00 per million cubic feet (MCF)
██████████	See Appendix for schedule
██████████	\$0.09650 - \$0.07500 per Ccf
██████████	\$0.09650 per Ccf after 1,000 first Ccf
██████████	Natural gas is purchased on the retail market. Commodity prices are approximately \$8.7/MMBTU for the month of January. Plus transportation rates: \$ 0.7879 per MMBtu to \$ 0.3485 per MMBtu
██████████	Additional load details required. Pricing example: \$50,000 per year for 500 million cu. Ft. (500,000 Dekatherms) with level demand.

Source: Site contact

Phase III

Electricity Expected Per KWH

██████████	\$0.070 to \$0.0750
██████████████████	\$0.0825 to \$0.09
██████████	\$0.0701
██████████	\$0.069 to \$0.078
██████████	\$0.09425

Source: Site contacts

Phase III

Total Estimated Value of Incentive Package	
██████████	\$3,330,000
██████████████████	\$1,410,000
██████████	\$8,811,000
██████████	\$3,749,900
██████████	not provided
██████████	\$2,400,000
██████████████	\$5,573,875

Source: Site Contacts

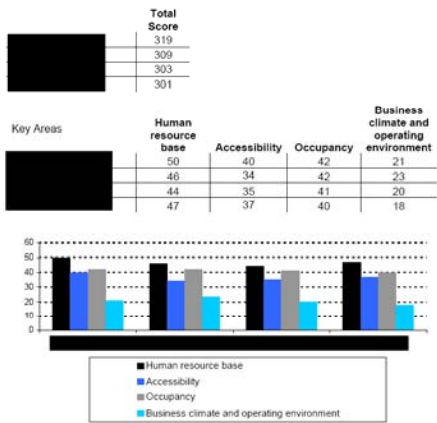
Phase III

■ Criteria Scoring

Based upon the initial needs and wants defined by the client, a criterion scoring was utilized to provide an objective means to rank sites on an analogous scale. Information for individual site scores were collected by questionnaires and field scoring. Criteria scoring are limited in that dozens of variables are condensed into simple five point scales and should be used only as a general guide.

	Rank	Total Score
██████████	1	276
██████████████████	2	241
██████████████	3	237
██████████	4	231
██████████	5	210
██████████████████	6	196
██████████████		

Phase III

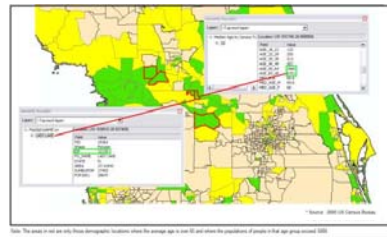
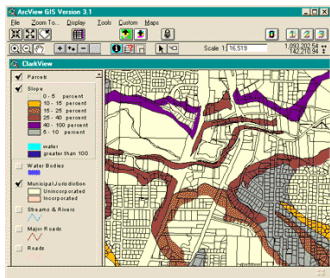


Facility Siting Process

PLANNING PHASE	PHASE I	PHASE II	PHASE III
By the Company	With the Company and Allies	With Allies	With All
Conception	Alignment/Criteria (Musts and Wants)	Community Visits	Location Evaluation (with company officials)
Feasibility	Regional Analysis by web and other data sources	Site Evaluation	Site Due Diligence
Investment Decision	Candidate States / Communities	Comparative Analyses	Negotiations (including incentives)
	RFP and Web Data Retrieval	Finalist Communities	Selection
	Community/site Questionnaire Review		Announcement

Facility Siting Process Trends

- Use of GIS and the internet means that the initial site search process is **significantly** shorter. Speed and accuracy are King!



Facility Siting Process Trends

- Communities are being evaluated before they even know they are being considered.

Facility Siting Process **Trends**



- Increased importance of project-ready sites (shovel ready) and buildings.



- Incentives are still a driving force for many companies.

Your Role

- **Know your sites**
- **Know your sources**
- **Respect the strict time table**
- **Be available**
- **Observe confidentially**

Thank You
Questions?



Garner Economics LLC
solutions that work

715 Birkdale Dr. Atlanta, GA 30215 770-716-9544 770-719-8911 (f)

www.garnereconomics.com

Facility Siting Process *Fundamentals and Trends*

SITE SELECTION FACTORS AS NOTED BY COMPANIES		
Ranking	2009	2008
1. Labor costs	96.7	91.4 (2)
2. Highway accessibility	92.9	95.4 (1)
3. Tax exemptions	88.4	88.6 (4)
4. Energy availability and costs	88	87.9 (5)
5. Corporate tax rate	87	85.3 (8)
6. Availability of skilled labor	86.9	87.7 (6)
7. Occupancy or construction costs	86.7	90.4 (3)
8. State and local incentives	84.9	87.2 (7)
9. Availability of advanced ICT services	83.2	55.5 (21)
10. Inbound/outbound shipping costs	81.7	N/A
11. Low union profile	75.8	82.7 (9)
12. Available land	75.7	82.0 (10)
12T. Availability of buildings	75.7	80.8 (11)

Garner Economics LLC
solutions that work

44

www.garnereconomics.com

Source: Area Development Magazine 2009

Facility Siting Process Fundamentals and Trends (continued)

SITE SELECTION FACTORS AS NOTED BY COMPANIES		
Ranking	2009	2008
14. Right-to-work state	74.0	76.6 (13)
15. Proximity to major markets	73.3	78.7 (12)
16. Expedited or "fast-track" permitting	72.2	72.5 (15)
17. Environmental regulations	71.2	76.1 (14)
18. Availability of long-term financing	65.4	64.2 (17)
19. Proximity to suppliers	63.9	69.2 (16)
20. Training programs	61.7	62.3 (19)
21. Raw materials availability	57.0	56.8 (20)
22. Availability of unskilled labor	55.5	62.9 (18)
23. Accessibility to major airport	49.0	53.3 (22)
24. Proximity to technical university	36.7	38.4 (23)
25. Railroad service	27.4	27.2 (24)

Source: Area Development Magazine 2009

Facility Siting Process Fundamentals and Trends

QUALITY-OF-LIFE FACTORS		
Ranking	2009	2008
1. Low crime rate	79.0	78.2 (1)
2. Healthcare facilities	68.4	77.6 (2)
3. Housing availability	62.4	66.2 (4)
4. Housing costs	61.5	67.1 (3)
5. Ratings of public schools	61.4	65.7 (5)
6. Climate	55.0	56.0 (6)
7. Recreational opportunities	52.7	48.6 (8)
8. Colleges and universities in area	50.7	55.3 (7)
9. Cultural opportunities	46.0	46.4 (9)

Source: Area Development Magazine 2009