

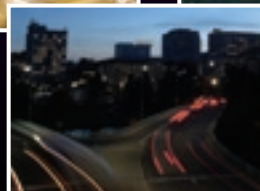
Looking for easy access to major U.S. markets? A gateway for international trade free of traffic snarls? Inexpensive utilities and real estate with plenty of room to expand logistics or manufacturing operations? **Spokane** is just what you're looking for.



Spokane

**Hub of the
Inland Northwest**

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“Some people call Spokane a ‘hidden gem’ because it’s inland,” says Robin Toth, director of business development at the public-private partnership Greater Spokane Inc. But Spokane, Wash., isn’t all that hidden; these days it’s on a lot of site selection radar screens, and with good reason. Look at the role Spokane plays as a logistics hub for the Inland Northwest, and it’s clear that this gem is a sparkler.

Located 280 miles from Seattle, 18 miles from the Idaho border, and just 110 miles from Canada, Spokane serves as a hub for business, industry, transportation, medicine, and culture for a regional population of more than 1.4 million and growing. Between 2001 and 2007, the population of Spokane County alone grew from 422,400 to 451,200.

The attraction for site selectors is obvious. In 2006, *Expansion Management* magazine named Spokane one of the Top Logistics Metros in the Western United States. That’s just one honor this region has racked up recently. That same year, the

Small Business Entrepreneurship Council placed Spokane fifth on its list of the Top 10 Friendliest Policy Environments. In 2007, *Inc.* magazine ranked it #22 on its list of Best Midsize Cities for Doing Business. And this year, *Forbes* placed Spokane ninth on its list of 200 Best Places for Business and Careers.

Spokane has been an economic hub since the 1880s, when miners discovered gold, silver, lead, and zinc in northern Idaho and northeastern Washington. The city also became a center for agriculture, the timber industry, and railroads. The Northern Pacific Railroad reached the area in 1881, establishing direct ties to the rest of the continent.

At one time, six railroads used Spokane as their Inland Pacific Northwest hub. "They had roundhouses and maintenance depots right in Spokane City," says Bill Holcomb, an associate instructor in the management department of Spokane Falls Community College.

Since those early days, Spokane's reach has extended a long way, creating a major advantage for companies sourcing or distributing goods. "A 20-hour or 16-hour drive from Spokane spans all the way up to Edmonton, Alberta, Canada, and all the way down to Salt Lake City," Toth says. A trip of similar length speeds freight to Denver or to the ports of Oakland and San Francisco. Portland is less than six hours away, and Seattle less than five.

Inland Empire Distribution Systems Inc. (IEDS), a third-party logistics firm headquartered in Spokane, serves several Canadian manufacturers and forest product firms. "Companies also locate in Spokane for distribution into British Columbia and Alberta," says Jim Ewers, CEO of IEDS. "And Canadian firms use Spokane as their distribution point into the western United States."

Extraction from Alberta's rich oil sands has spurred an economic bonanza.

Because the province maintains close economic and cultural ties with the state of Washington, the oil boom there presents many opportunities for manufacturers and service providers in Spokane.

COAST TO COAST

More than 100,000 vehicles traverse the Spokane region each day on Interstate 90, the northernmost east-to-west, coast-to-coast interstate in the country. U.S. highways 195, 395, and 2 also converge on the city.

Taking advantage of those routes, more than 100 major motor freight lines and contract carriers serve the Spokane region. Two carriers headquartered in Spokane, TWT Motor and System MotorFreight, provide full truckload transportation throughout the continental United States. ABF, Yellow, Roadway, and USF Reddaway serve the lower 48 states from Spokane with less-than-truckload service. Puget Sound Transfer, Priority Transfer, Oak Harbor Freight Lines, and Peninsula Freight Lines provide regional service.

Two Class I railroads, Burlington Northern Santa Fe and Union Pacific/Southern Pacific, serve the Spokane region, shipping nationally from the switching yard in Spokane Valley. For both railroads, the region is on direct lines that run from Seattle to Chicago, providing easy access from Spokane to the interior of the United States and the Pacific Rim. "Spokane also has a direct connection north and south on the

Canadian Pacific Railway," Toth says.

Spokane International Airport (SIA), the second-largest airport in Washington, is served by 10 airlines and three cargo carriers, DHL Express, UPS (including UPS Worldwide), and FedEx.

"SIA has increased its cargo and passenger traffic dramatically over the last decade," Toth says. In 2006, 3.2 million passengers and 57,000 U.S. air cargo tons passed through its facilities. The airport recently completed more than \$70 million in upgrades and construction projects.

In 2005, the average landing fee at SIA was \$900, compared to \$1,710 in Portland and \$2,160 in Seattle, according to a March 2007 presentation by the Inland Northwest Partners.

Along with this well-developed transportation infrastructure, Spokane boasts an advantage that few large cities can claim: free-flowing traffic. Drivers trying to avoid rush hour congestion would be hard-pressed to find any on local highways. "We don't have a rush hour; we have a rush minute," Toth says. "Shippers moving freight from one point to another are thrilled with the lack of traffic."

Business leaders considering locating facilities in Spokane also are pleasantly surprised by the low cost of electric power. With abundant hydropower, area utilities supply energy

for commercial, industrial, and residential use at rates well below the national average. In addition, Spokane County boasts 500 route miles of commercial fiber-optic infrastructure, and downtown the city

In Good Company

Sizeable companies with locations in the Spokane region include:

- Agilent
- BluRay Technologies
- Cisco
- F5 Networks
- General Dynamics
- Goodrich Corporation
- Honeywell
- Itron
- Kaiser Aluminum
- Telect
- Triumph Composite Systems



FLIGHT CHECK. Ten airlines and three cargo carriers service Spokane International Airport.

offers 100 blocks of free, high-speed wireless Internet access.

Spokane's position at the center of the Inland Northwest could enhance logistics and distribution operations in the future, as Washington and Idaho solidify plans for a proposed Inland Pacific Hub. This initiative seeks to develop a multi-modal transportation gateway for international trade.

"The Inland Pacific region, with Spokane and Kootenai counties as the hub, currently has much of the basic infrastructure needed to support an inland port facility," reported the Washington State Transportation Commission in March 2007.

"The Inland Pacific Hub plan was designed to promote this area's use for transportation and logistics," says Glenn Miles, transportation manager at the Spokane Regional Transportation Council (SRTC). SRTC is one of about 20 state and local government and economic development organizations in eastern Washington and western Idaho collaborating on this initiative.

The group recently engaged a consulting firm to take stock of the area's

transportation assets and recommend the connections needed to create a more complete logistics hub. "We're identifying the correct mix of facilities and locations," Miles says.

For example, Spokane County recently acquired the Geiger Rail Spur, a facility with access to the BNSF line located on the West Plains, close to Spokane International Airport. "We are determining the type of improvements needed to create an intermodal facility there, in order to move freight both to and from the rail service," Miles explains.

The Inland Pacific Hub project has received about \$238,000 in federal funds and another \$250,000 from the state of Washington. "And we anticipate another \$250,000 through the state of Idaho," Miles says.

Project leaders hope to complete the study within 18 months. "Then we will look at the assets and what it will take to make the area work as a seamless freight transportation system," Miles says.

AFFORDABLE REAL ESTATE

As community leaders work to improve the links among Spokane's excellent transportation facilities, companies that plan to take advantage of those facilities will find

a great deal to please them when they shop for real estate. Prices are attractive—about \$12 per square foot for downtown property and \$4 per square foot in industrial areas.

Businesses seeking to locate in the area can use the Spokane Regional Site Selector, an online geographic information system. With this tool, users can search for vacant building space or developable land based on criteria such as size, location, and usage type. Once users have selected a property to investigate, the tool generates reports on that location with demographics, consumer expenditures, business and workforce data, and employment wages. To help companies identify potential competitors or business partners, the tool also generates a report showing the number and types of businesses of various types near that property.

Beyond the properties already available, businesses will soon gain more options as the city of Spokane and Spokane County develop the West Plains area near the airport.

"One strategic project is to get that area ready so visitors can see Spokane's assets and know they can get to work quickly," Toth says.

The area already has a well-developed road infrastructure. Now, local leaders

Find out why *Forbes Magazine* ranked Spokane
One of the Best Places to do Business



The Spokane, Washington, region is the primary transportation and distribution hub of the Inland Northwest and supports manufacturers, suppliers, distributors and service providers across a wide range of industries.

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are pushing to extend utilities, including telecommunications, and conduct the necessary environmental impact studies. “We’re working hard to quickly obtain the permits necessary to make the land shovel-ready,” she says.

If a company uses some of the West Plains land – or land in other parts of

Spokane – to build a warehouse, grain elevator, or distribution center, it can look forward to applying a sales tax remittance to the construction of a 200,000-square-foot or larger warehouse.

Greater Spokane also offers a variety of other business incentives, including:

- Sales and use tax exemptions for man-

ufacturing machinery and equipment.

- Incentives for manufacturers in the aerospace industry.

- Tax credits for businesses that provide international services.

- Incentives for businesses involved in high-tech, biotechnology, renewable energy, or biofuels.

In addition, qualified businesses that locate in Community Empowerment Zones are eligible for special tax incentives.

Economic development initiatives in Greater Spokane concentrate on six industries: manufacturing, aerospace, health sciences, information technology and telecommunications, clean technology, and digital media.

Aerospace in particular is a major focus of manufacturing in the area. But even among the approximately 60 companies that provide components to aerospace manufacturers, there’s tremendous diversity. “According to their product portfolios, they also provide parts to the medical, construction, and health care industries,” Toth says.

DEEP TALENT POOL

Businesses in Spokane draw upon a diverse and well-educated workforce. More than 90 percent of working age residents in the region are high school graduates, more than 60 percent have attended college, and nearly 60 percent hold a bachelor’s degree. Spokane County boasts a labor pool of nearly 228,000 residents, with more than one-third in the 18 to 65 age range.

Spokane and the surrounding region are home to 18 universities and colleges, including Washington State University and Eastern Washington University.

Rapid economic growth in the Spokane area in recent years has expanded the workforce by drawing many people from other parts of the county. “Unemployment was low, but people moving into the area provided an excellent source of talented personnel to help grow our business,” Ewers says.

For companies seeking logistics and supply chain talent, Spokane enriched

Great Mix for Logistics

Jim Ewers has operated companies in Los Angeles and Seattle, but since 1983 his family’s business, Inland Empire Distribution System (IEDS), has been thriving in Spokane. Jim’s father, Bert Ewers, founded the third-party logistics firm with 40,000 square feet of warehouse space in the Spokane Industrial Park. Today, IEDS operates 850,000 square feet divided between Spokane and Pasco, about 135 miles to the southwest.

The mix of businesses in Spokane has been good for IEDS, says Jim Ewers, the company’s president and CEO. “Spokane offers a good array of manufacturing and the overall environment of distribution networks that is typical in any large city, just on a smaller scale.”

Along with its warehousing services, IEDS operates a fleet of 20 tractors and trailers providing truckload and less-than-truckload services in and around Spokane and Pasco. The company focuses on four markets: consumer groceries, industrial products, forest products, and chemical products.

In Ewers’ view, Spokane is the region’s natural logistics center. “In the Inland Northwest, Spokane is the big city, so all the distribution for the Inland Northwest happens from there.”

The city’s proximity to Canada also offers advantages. “We do business with several Canadian firms handling everything from forest products to industrial products,” Ewers says. “We provide specialized packaging services and distribution into the United States for one client across the border, a mining company called Teck Cominco.”

Spokane’s location near Canada, and not far from the West Coast ports, also allows IEDS to participate in the import-export business. “We’re a U.S. Customs exam site for containers coming through. We’re also the only foreign trade zone in the Inland Northwest,” Ewers adds.

At its facility in nearby Pasco, IEDS takes advantage of the concentration of firms that distribute crop protection products. “Our campus in Pasco is specifically designed to safely handle agricultural chemicals, some of which are hazardous,” Ewers says. “That location serves the entire Pacific Northwest—Washington, Oregon, Idaho, and Montana.”

In addition to finding a ripe market in Greater Spokane, IEDS has had an easy time attracting employees from other regions, thanks to the area’s excellent quality of life. “It is a great part of the country for recruiting people because of the outdoor activities it offers, including skiing and hunting,” Ewers says. “For outdoor enthusiasts, these are some of the best areas of the country.”

For IEDS, Spokane’s appeal is undeniable.



ON THE ROAD AGAIN. IEDS operates a fleet of 20 tractors and trailers providing truckload and less-than-truckload services in and around Spokane.

Economic development initiatives in Greater Spokane concentrate on six industries: manufacturing, aerospace, health sciences, information technology, clean technology, and digital media.

the talent pool in the fall of 2007, when Spokane Falls Community College (SFCC) launched a degree program and certificate program in transportation and logistics.

Bill Holcomb, who has run several businesses of his own in Spokane, spent nine months talking with executives in the area to determine the need for such a course. The response was overwhelmingly positive. So the school's management department developed a curriculum to serve undergraduates as well as workers who wanted to develop their transportation, logistics, and supply chain management skills.

Undergraduates take six three-credit classes to earn an AAS degree in management with a transportation and logistics major. A student who takes just the core of 18 credits earns a certificate in transportation and logistics. The core courses are: Customer Service; Transportation Systems; Principles of Purchasing; Inventory Management; Logistics and Supply Chain Management; and Warehouse and Distribution Management.

While researching what sort of content to include, Holcomb learned that SFCC was embarking on an unusual enterprise. "A lot of schools I talked to said this program is not offered at many two-year colleges," he says.

Incumbent employees who pursue the logistics and transportation certificate find it easy to accommodate the work to their schedules. Based on suggestions from an advisory committee of industry leaders, SFCC created a hybrid format for the six core courses. Students attend the first and last sessions on campus, but the rest of the instruction takes place online.

Another local two-year school, Spokane Community College, offers a professional

truck driver training program in collaboration with transportation companies Trans-Systems Inc. and Driver Training & Solutions.

WASHINGTON'S SUNNY SIDE

Along with all its business advantages, Spokane offers a quality of life that makes the area easy to love. It has a four-season climate but suffers from neither the cold and snow that make life difficult in much of the north or the extreme heat found farther south.

If your vision of Washington is a gray afternoon in Seattle, prepare for a much different scene in Spokane. "The city delivers 260 days of sunshine per year," Toth promises. And residents don't have to go far to enjoy that good weather, with

76 lakes, four rivers, five major ski areas, and 32 golf courses all located within a 50-mile radius.

Employees relocating from other regions of the country also get a pleasant surprise when they check the real estate ads: The median home price is \$194,000. And unlike regions where the quest for reasonable prices sends buyers into outer exurbia, people who settle in Spokane don't have to spend half their lives on the road. "The commute to work averages 22 minutes," Toth says.

Easy living, abundant transportation, access to numerous markets, and plenty of room to grow – for any company investigating sites for a new manufacturing or distribution facility, this not-so-hidden gem is worth a serious look. ■

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