



25-Apr-07

Sample Operating Cost Model (OCM)

Locations -

Salt Lake City, UT

Phoenix, AZ

Reno, NV

Prepared By -

EDCUtah

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ECONOMIC DEVELOPMENT
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Assumptions Page for Data Input

| | Salt Lake City, UT | Phoenix, AZ | Reno, NV |
|---|--|--|--|
| Average Annual Wages (SOC Code)* | | | |
| 10 Managers of Production/Operations Workers (51-1011) | \$48,250 | \$47,130 | \$59,060 |
| 20 Machinists (51-4041) | \$34,450 | \$36,500 | \$38,680 |
| 25 Extruding & Drawing Machine Setters/Ops, Metal & Plastic (51-4021) | \$26,190 | \$29,430 | \$26,420 |
| 25 Cutting, Punching & Press Machines Setters/Ops, Metal & Plastic (51-4031) | \$26,280 | \$24,410 | \$26,790 |
| 20 Helpers, Production Workers (51-9198) | \$18,290 | \$20,680 | \$22,380 |
| *Assuming 100 employees; 10% management positions and 90% production positions. | Source: Bureau of Labor Statistics, Salt Lake City-UT MSA | Source: Bureau of Labor Statistics, Phoenix/Mesa/Scottsdale-AZ MSA | Source: Bureau of Labor Statistics, Reno/Sparks-NV MSA |
| Workers Compensation Insurance* | | | |
| General Office Workers - Code 8810 (10% of Employees) | \$0.26 | \$0.24 | \$0.63 |
| Plastics Manufacturing - Code 4452 (90% of Employees) | \$2.60 | \$2.67 | \$5.67 |
| *Average cost per \$100 of payroll | Source: Workers Compensation Fund | Source: Workers Compensation Fund | Source: Workers Compensation Fund |
| Unemployment Insurance | | | |
| New Employer Rate | 1.60% | 2.00% | 2.95% |
| Total Taxable Wage Per Employee | \$25,400 | \$7,000 | \$24,600 |
| | Source: Utah Department of Workforce Services | Source: Arizona Department of Economic Security | Source: Nevada Department of Employment, Training, & Rehabilitation |
| Health Care Insurance | | | |
| Single Coverage, Employer Cost (50 Employees) | \$2,420 | \$2,776 | \$3,254 |
| Family Coverage, Employer Cost (50 Employees) | \$6,237 | \$6,726 | \$7,293 |
| | Source: Kaiser Family Foundation, 2004 data published in July 2006 | Source: Kaiser Family Foundation, 2004 data published in July 2006 | Source: Kaiser Family Foundation, 2004 data published in July 2006 |
| Electricity* | | | |
| Pre-tax, Monthly Estimated Cost | \$56,800 | \$110,000 | \$101,500 |
| *Based on specific kW and kWh assumptions. | Source: PacifiCorp, Schedule 9, Transmission Voltage Delivery, .055/kWh | Source: PacifiCorp, .107/kWh | Source: PacifiCorp, .099/kWh |
| Real Estate* | | | |
| Estimated Monthly Lease Cost per Square Foot, Industrial Space | \$5.04 | \$8.00 | \$6.12 |
| *Estimated 100,000 Square Foot Space | Source: NAI Global, Salt Lake City-UT, Industrial Manufacturing Space, Effective Average | Source: NAI Global, Phoenix/Maricopa County-AZ, Industrial Manufacturing Space Effective Average | Source: NAI Global, Reno-NV, Industrial Manufacturing Space, Effective Average |

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Results Page (Based on Assumptions Page for Data Input)

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total | Cume NPV |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| WAGES | | | | | | | | | | | | |
| Salt Lake City, UT | \$2,849,050 | \$2,934,522 | \$3,022,557 | \$3,113,234 | \$3,206,631 | \$3,302,830 | \$3,401,915 | \$3,503,972 | \$3,609,091 | \$3,717,364 | \$32,661,165 | \$19,612,130 |
| Phoenix, AZ | \$2,960,900 | \$3,049,727 | \$3,141,219 | \$3,235,455 | \$3,332,519 | \$3,432,495 | \$3,535,469 | \$3,641,534 | \$3,750,780 | \$3,863,303 | \$33,943,400 | \$20,382,077 |
| Reno, NV | \$3,142,050 | \$3,236,312 | \$3,333,401 | \$3,433,403 | \$3,536,405 | \$3,642,497 | \$3,751,772 | \$3,864,325 | \$3,980,255 | \$4,099,663 | \$36,020,082 | \$21,629,067 |
| WORKER'S COMPENSATION | | | | | | | | | | | | |
| Salt Lake City, UT | \$62,785 | \$64,668 | \$66,608 | \$68,607 | \$70,665 | \$72,785 | \$74,968 | \$77,217 | \$79,534 | \$81,920 | \$719,757 | \$432,194 |
| Phoenix, AZ | \$67,603 | \$69,632 | \$71,720 | \$73,872 | \$76,088 | \$78,371 | \$80,722 | \$83,144 | \$85,638 | \$88,207 | \$774,998 | \$465,365 |
| Reno, NV | \$148,388 | \$152,840 | \$157,425 | \$162,148 | \$167,012 | \$172,022 | \$177,183 | \$182,499 | \$187,973 | \$193,613 | \$1,701,102 | \$1,021,465 |
| UNEMPLOYMENT INSURANCE | | | | | | | | | | | | |
| Salt Lake City, UT | \$38,365 | \$39,516 | \$40,701 | \$41,922 | \$43,180 | \$44,475 | \$45,810 | \$47,184 | \$48,599 | \$50,057 | \$439,809 | \$264,093 |
| Phoenix, AZ | \$14,000 | \$14,420 | \$14,853 | \$15,298 | \$15,757 | \$16,230 | \$16,717 | \$17,218 | \$17,735 | \$18,267 | \$160,494 | \$96,372 |
| Reno, NV | \$71,260 | \$73,398 | \$75,600 | \$77,868 | \$80,204 | \$82,610 | \$85,088 | \$87,641 | \$90,270 | \$92,978 | \$745,658 | \$490,537 |
| HEALTH CARE INSURANCE | | | | | | | | | | | | |
| Salt Lake City, UT | \$432,850 | \$445,836 | \$459,211 | \$472,987 | \$487,176 | \$501,792 | \$516,846 | \$532,351 | \$548,321 | \$564,771 | \$4,962,140 | \$2,979,628 |
| Phoenix, AZ | \$475,100 | \$489,353 | \$504,034 | \$519,155 | \$534,729 | \$550,771 | \$567,294 | \$584,313 | \$601,842 | \$619,898 | \$5,446,489 | \$3,270,467 |
| Reno, NV | \$527,350 | \$543,171 | \$559,466 | \$576,250 | \$593,537 | \$611,343 | \$629,683 | \$648,574 | \$668,031 | \$688,072 | \$6,045,477 | \$3,630,142 |
| ELECTRICITY | | | | | | | | | | | | |
| Salt Lake City, UT | \$681,600 | \$702,048 | \$723,109 | \$744,803 | \$767,147 | \$790,161 | \$813,866 | \$838,282 | \$863,430 | \$889,333 | \$7,813,780 | \$4,691,960 |
| Phoenix, AZ | \$1,320,000 | \$1,359,600 | \$1,400,388 | \$1,442,400 | \$1,485,672 | \$1,530,242 | \$1,576,149 | \$1,623,434 | \$1,672,137 | \$1,722,301 | \$15,132,321 | \$9,086,542 |
| Reno, NV | \$1,218,000 | \$1,254,540 | \$1,292,176 | \$1,330,941 | \$1,370,870 | \$1,411,996 | \$1,454,356 | \$1,497,986 | \$1,542,926 | \$1,589,214 | \$13,963,005 | \$8,384,400 |
| REAL ESTATE | | | | | | | | | | | | |
| Salt Lake City, UT | \$504,000 | \$519,120 | \$534,694 | \$550,734 | \$567,256 | \$584,274 | \$601,802 | \$619,856 | \$638,452 | \$657,606 | \$5,777,795 | \$3,469,407 |
| Phoenix, AZ | \$800,000 | \$824,000 | \$848,720 | \$874,182 | \$900,407 | \$927,419 | \$955,242 | \$983,899 | \$1,013,416 | \$1,043,819 | \$9,171,103 | \$5,506,995 |
| Reno, NV | \$612,000 | \$630,360 | \$649,271 | \$668,749 | \$688,811 | \$709,476 | \$730,760 | \$752,683 | \$775,263 | \$798,521 | \$7,015,894 | \$4,212,851 |

| TOTAL COSTS | Total First Year Costs | Total Costs | Cume NPV |
|--------------------|------------------------|--------------|--------------|
| Salt Lake City, UT | \$4,568,650 | \$52,374,448 | \$31,449,413 |
| Phoenix, AZ | \$5,637,603 | \$64,628,805 | \$38,807,817 |
| Reno, NV | \$5,719,048 | \$65,491,218 | \$39,368,462 |

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Note: Discount rate of 10% used to calculate NPV; an annual inflation rate of 3% is considered.