



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: February 17, 2009
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging
Greg West, Project Specialist
Business Development and Attraction

SUBJECT: Briefing Memo – Altus Brands, LLC
Rural MEGA Credit

COMPANY NAME:

Altus Brands, LLC
PO Box 4228
Traverse City, MI 49685

HISTORY OF COMPANY:

Altus Brands, LLC was created in 2008. The company's goal is to grow and leverage their expanding portfolio of sportsman brands. In May 2008, Altus completed its first acquisition, Pro-Ears, a leader in hearing protection for shooters. In June 2008, Altus completed an acquisition of Benchmaster, a leader in shooting rests, and moved the business from Sacramento to Westcliffe, Colorado. The company then worked to develop a "greenfield" brand with Crossfire slings for guns and bows. Altus completed the development and brought the product to market in November 2008.

Altus Brands, LLC currently has 0 employees in Michigan.

PROJECT DESCRIPTION:

This project consists of the relocation and expansion of existing operations from Colorado to a new leased facility in Garfield Township, Grand Traverse County. Operations at the new facility will consist of light manufacturing, assembly, packaging and shipping of products. Currently, this applies to three brands: Pro Ears, Benchmaster, and Crossfire. As future acquisitions are completed, each additional product line will be evaluated for transfer to the Traverse City facility. Local suppliers will be sought and evaluated for manufacturing of components including injection molded plastic components, cut and sew items and metal fabrication of rifle rest components.

Total investment for Altus Brands over five years will be approximately \$710,000. This project will create 25 new jobs with an average weekly wage of \$449. The company will also offer health care benefits and pay a portion of the benefit costs.

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BENEFITS TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 57 jobs in the state by the year 2013. We also estimate that the project would create total state government revenues through the year 2013, net of MEGA, of \$675,381 (current dollars) due to the creation of these new jobs.

BUSINESS CASE:

Alternatively, the project could be located in Westcliffe, Colorado or Harleysville, Pennsylvania. The primary advantage of these two locations is the cost of labor. The labor cost in Westcliffe is well established and runs approximately 10 percent less than the estimated wages that would be paid in Michigan. The location in Harleysville is being considered due to the supplier's offer to match the company's current costs of production. The labor differential in Michigan is estimated to be a disadvantage of \$30,000 to \$80,000 per year. Also, any location other than Westcliffe involves relocation costs and the outfitting of a new facility. The supplier in Pennsylvania has offered to absorb these costs. The total one-time cost to relocate the business assets, personnel and outfit a new facility are estimated to be \$35,000 to \$50,000.

OTHER STATE AND LOCAL ASSISTANCE:

Garfield Township is supportive of this project and anticipates the approval of a PA 198 personal property tax abatement within the next 90 days. The estimated value of this incentive is not known at this time.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends an 80 percent rural employment tax credit for five years, for up to 25 net new employees over the established employment base of 0.