



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: October 17, 2006
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development

SUBJECT: Briefing Memo – Backyard Storage Solutions, LLC
Standard Credit

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COMPANY NAME AND ADDRESS:

Backyard Storage Solutions, LLC
6400 East 11 Mile Road
Warren, Michigan 48901

HISTORY OF COMPANY:

Backyard Storage Solutions produces two product lines for residential storage and garden structures, Handy Home and Heartland Industries. Handy Home is America's leading provider of ready-to-assemble wooden storage and recreational building kits. Since 1978, Handy Home Products has built hundreds of thousands of building kits for people. Heartland Industries provides installed custom wooden storage & recreational building solutions from the Backyard Building Experts. The products built by Heartland include sunlight buildings, cedar gazebos, storage buildings, and play houses.

PROJECT DESCRIPTION:

The proposed project would be located in Monroe, Michigan. The operation would relocate an existing operation in Warren, Michigan and a subsequent expansion of operations at the new site. The total capital investment anticipated is \$5,025,000, including the purchase of an existing building for approximately \$4 million. The remainder of investment will be in relocation of equipment from Warren and purchase of new equipment. The project will create up to 80 new jobs with an average hourly wage of \$13.90. Backyard Storage Solutions LLC is also considering sites in Anderson, Indiana and Indianapolis, Indiana.



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BENEFIT TO STATE:

According to the economic analysis done by MEDC staff utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 140 jobs in the state by the year 2013. We also estimate that the project would increase total state government revenues through the year 2013, net of MEGA cost and adjusted for inflation, of \$2.92 million (2006 dollars) due to the location of this facility.

BUT FOR:

The company has considered locating these expansions in an existing facility in a building it would purchase in Monroe. Wages are expected to be approximately 15% lower in Indiana. Taxes and utilities are also lower in Indiana. The annual cost differential ranges up to \$2 million annually.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Monroe is expected to vote on a proposed a 8-year PA 198 property tax abatement for all new real and personal property related to this project within 30 days of receipt of an application by the company. The estimated value of the PA 198 abatement is approximately \$ 81,000 over eight years.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 80 qualified new jobs in the City of Monroe.