



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: August 18, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
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Subject: Briefing Memo – Bradford White Corporation
Rural MEGA Credit

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COMPANY NAME

Bradford White Corporation
200 Lafayette Street
Middleville, Michigan 49333

HISTORY OF COMPANY

Bradford White is a water heater manufacturer with Michigan locations in the Village of Middleville and the City of Niles. The company was founded in 1881 and began operations in Michigan in 1934.

In 1992 a group of Bradford White employees formed an Employee stock ownership trust and bought the company from its parent company SABH. Since 1992 the company has sold its products exclusively to wholesale distributors.

Bradford White Corporation currently has 937 employees in Michigan.

PROJECT DESCRIPTION

The proposed project is for Bradford White Corporation to introduce two new product lines to its facility in the Village of Middleville, Barry County, which has a population of less than 90,000, which qualifies the project for a Rural MEGA. The first line will be a new alternative energy product line to support primary energy sources other than electric, gas, or oil. The second line is a new Ultra Low Nox product line to reduce nitrous oxide emissions from natural gas combustion.

Bradford White Corporation will invest approximately \$3.48 million and create 88 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$585. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

BENEFIT 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 generate a total of 200 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$3 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Bradford White also considered an existing plant in New Hampshire for this project. The State of New Hampshire offered a competitive incentive package for this project.

OTHER STATE AND LOCAL ASSISTANCE

The Village of Middleville is supportive of this project and plans to approve a property tax abatement under PA 198 of 1974.

The Michigan Economic Development Corporation is supportive of using Community Development Block Grant funds for road improvements on Finkbeiner Road related to this project. The MEDC plans to recommend approval of these funds at a future MSF Board meeting.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent rural employment tax credit for 7 years for up to 88 net new employees in excess of the company's established base of 952.