

# MEMORANDUM

**Date:** July 20, 2010

**To:** Michigan Economic Growth Authority

**From:** Marcia Gebarowski, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Cascade Engineering, Inc.  
High Technology MEGA Credit

---

## COMPANY NAME

Cascade Engineering, Inc.  
3400 Innovation Ct. SE  
Grand Rapids, Michigan 49512

## HISTORY OF COMPANY

Founded in 1973, Cascade Engineering has grown to become a leading provider of engineered plastics systems and components – and a growing array of sustainability-focused products and services. At Cascade, engineering and technology is a core competency that allows the company to build a product portfolio and serve their customers with the best solutions possible. From product design and engineering to final production, Cascade has the ability to provide complete product solutions that are not only innovative but sustainable as well.

The company currently has 414 employees in Michigan.

## PROJECT DESCRIPTION

Cascade Engineering has created a new renewable energy business division. Cascade Renewable Energy designs, develops, manufactures, and sells innovative distributed renewable energy systems. Cascade plans to grow this new division in Michigan from their planned SWIFT wind turbine project as well as the planned expansion of their customer support projects for Lowe's and Meijer stores. The company plans to expand this division as well as expand and retain other projects related to sustainable product development at their headquarters in Cascade Township.

The company plans to invest approximately \$2.8 million and could create up to 183 jobs over the next five years, with 24 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$960. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

### **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 456 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, would be increased by \$7,194,891 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Cascade Engineering has facilities in Ohio, North Carolina and Texas. The company has cited that Texas has offered up-front cash for employee relocation as well as tax credits similar to MEGA. Texas is also home to a larger network of companies in the wind industry allowing Cascade Renewable to tap into other resources when further commercializing their SWIFT wind turbine and other products for the wind industry. Cascade Engineering owns facilities in Ohio and North Carolina where the company has cited lower wage structure and readily available space makes these two states attractive in addition to similar incentives offered to the company from each state.

### **OTHER STATE AND LOCAL ASSISTANCE**

Cascade Township is supportive of this project and plans to consider approval of property tax abatements through P.A. 328 for up to 7 years. Staff estimates the value of these local abatements at \$279,998 over the proposed term of seven years. It is anticipated that these abatements will be approved at a future township board meeting.

### **QUALIFYING HIGH-TECHNOLOGY ACTIVITY**

The company is a qualified high-technology business, whose primary business activity is Alternative Energy Technology, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 7 year high-technology employment tax credit for. The credit percentage will be 150% for years 1-3 and 75% for years 4-7 for up to 183 net new employees in excess of the company's established base of 414.