

# MEMORANDUM

**Date:** September 14, 2010  
**To:** Michigan Economic Growth Authority  
**From:** Kenneth Murdoch, Project Specialist  
Packaging Team  
**Subject:** Briefing Memo – Century, Inc  
Rural MEGA Credit

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## COMPANY NAME

Century, Inc  
2410 Aero Park Court  
Traverse City, Michigan 49686

## HISTORY OF COMPANY

Century, Inc has been manufacturing tooling and seamless tubing, primarily dies and mandrels for the nuclear industry, since 1970. In 1974 the company moved to Traverse City. In 1983 the company began manufacturing Copper Mill Rolls for uses in the copper industry and in 1996 the company began to manufacture Twin Screw Extruders.

Today the company is capable of manufacturing high precision parts requiring low to medium volume production runs. The company is adept at matching their capabilities to their customer's individual requirements. Services offered by the company include precision turning, milling, and cutting.

The company currently has 129 employees in Michigan.

## PROJECT DESCRIPTION

For the project, Century will be acquiring a 20,000 square foot facility located on 8 acres across the street from their existing headquarters. The company has been working with the Department of Defense on the development of a light weight brake drum and has recently secured a \$9.4 million contract to manufacture aerospace components for a major manufacturer of helicopters. The company is also working to secure contracts to manufacture components for the oil and gas industry.

In order to service these new endeavors the company is required to increase their manufacturing space and make additional investments in machinery and equipment.

The project is located in Grand Traverse County which has a population of less than 90,000 qualifying the project for a Rural MEGA.

The company plans to invest approximately \$6.2 million and create 35 jobs over the next five years, with 10 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$746. 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 76 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, would be increased by \$1,496,879 (current dollars) due to the presence of this facility.

#### **BUSINESS CASE**

Century, Inc evaluated three locations for this project. The actual customer base for the Aerospace and Defense contracts are located in Texas and Indiana and locating in these states would allow local support from subcontractors and reduce the cost of transportation to and from customers.

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

The City of Traverse City is supportive of the project and anticipates approval of a 12 year P.A. 198 and a 6 Year P.A. 328. The estimated value of the abatements is \$968,802.

At a future Michigan Strategic Fund Board meeting the MEDC will also be recommending approval of a \$750,000 Community Development Block Grant for machinery and equipment purchases.

#### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent rural employment tax credit for 7 years for up to 35 net new employees in excess of the company's established base of 129.