



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**DATE:** May 18, 2004  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Michigan Business Development  
**SUBJECT:** Briefing Memo – Dawn Food Products, Inc.  
Standard Credit

**COMPANY NAME AND ADDRESS:**

Dawn Food Products, Inc.  
2021 Micor Drive  
Jackson, Michigan 49203

**HISTORY OF COMPANY:**

Dawn Food Products is a manufacturer and distributor of high quality, consistent mixes, bases, icings, glazes, fillings, ready-to-bake products, and ready-to-sell products to the baking industry worldwide. The company is a wholly-owned subsidiary of Dawn Foods, which was founded in Jackson in 1920 and is one the world's largest full-service, family-owned baking industry suppliers. The company is headquartered in Jackson and currently has 274 employees in Michigan.

**PROJECT DESCRIPTION:**

Dawn Food Products is considering several options to allow for further growth and expansion of the company in North America. To become more efficient, Dawn would like to consolidate their Michigan headquarter and administrative operations, as well as, to centralize certain corporate wide service and purchasing functions. To achieve this goal, the company would purchase an existing 240,000 square foot building in Leoni Township. The project would lead to the creation of 86 new jobs in the first year of the project and up to 110 over the next four years years. The new positions would pay an average weekly wage of \$645.

The project would require a direct investment by Dawn Food Products of \$12.0 million for capitalized lease costs as the building will be purchased privately by a Dawn Foods investment group and leased to the operating company. In total, the investment group will spend \$11.2 million to purchase and renovate the building and another \$965,000 for new equipment.

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**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate that this facility will create a total of 401 jobs in the state by the year 2020. We also estimate that the project would create total state government revenues through the year 2020, net of MEGA cost and adjusted for inflation, of \$18.0 million (2004 dollars) due to the location of this facility.

**BUT FOR:**

Dawn Food Products also considered sites in northwest Ohio for this project. The company has significant growth in the Ohio market and several sites in that state were considered for this project. The company found that Ohio was willing to provide substantial incentives for this project, including Ohio Enterprise Zone benefits, property tax abatements, job creation tax credits, training credits and reimbursements and cash reimbursement for relocation and recruitment costs. In total, these incentives could save the company several million dollars in the next ten years. In addition, the company found several buildings with attractive lease rates in Ohio.

**OTHER STATE AND LOCAL ASSISTANCE:**

Leoni Township has proposed 50 percent abatement of the company's new real and personal property for 12 years. The estimated value of the local property tax abatement is \$529,200. The abatement is expected to be finalized on May 19, 2004.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 15 years, for up to 110 net new employees.