



## MEMORANDUM

**Date:** February 15, 2011

**To:** Michigan Economic Growth Authority

**From:** Joe Quick, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – IPC Print Services, Inc.  
Retention MEGA Credit

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### COMPANY NAME

IPC Print Services, Inc.  
306 North Kansas Avenue  
Marceline, Missouri 64658

### HISTORY OF COMPANY

IPC Print Services, Inc. ("IPC") was founded in 1949 in Saint Joseph, Michigan. IPC specializes in the complete production and distribution of magazines, journals, catalogs and books, with more than 95 percent of its customers located outside of Michigan. The company also warehouses printed material, builds kits and fulfills product to end users. IPC produces printed products using Web, sheet-fed and digital printing equipment. Currently, IPC has three locations in the St. Joseph, Michigan area: two in St. Joseph Charter Township, and one in Lincoln Charter Township.

On December 14, 2010, the assets of IPC were purchased by Walsworth Publishing Company, Inc. ("Walsworth"). Walsworth was founded in 1937 in Marceline, Missouri – home to its present day headquarters. Walsworth also has a manufacturing plant in Marceline, publishing and prepress operations in Brookfield, Missouri, and a national sales office in Kansas City, Missouri. In total, Walsworth employs a workforce of between 700 and 1,000 employees in Missouri, which fluctuates seasonally. Additionally, Walsworth is scheduled to close a facility in Omaha, Nebraska in early 2011.

The applicant company, IPC, currently has 208 full-time employees in Michigan.

### PROJECT DESCRIPTION

On December 14 2010, Walsworth purchased the assets of the Former IPC Print Services from journal Communications, a publicly-owned media company based in Milwaukee, Wisconsin. As part of the announcement of this acquisition, Walsworth also announced that it would be closing down the Omaha, Nebraska facility, and revenue, equipment and jobs from that facility would be transferred to other Walsworth locations. Two locations are being considered as potential locations for transfer of the Omaha assets and jobs: IPC in Michigan and Walsworth's Marceline, Missouri location.

If the project is successfully retained in Michigan, the additional work from Omaha, Nebraska is likely to generate another 31 full-time jobs in Lincoln Township, Michigan. Walsworth has already acquired the

assets of IPC Print Services, and plans to make further investment in machinery and equipment, building lease costs and computers and IT equipment. However, should the Nebraska revenue, equipment and jobs be redirected to the Missouri facility, it is reasonable that the existing Michigan revenues and jobs would be transferred to Missouri.

The company plans to invest approximately \$23 million, including \$2.1 in lease payments, and retain 208 jobs over the next five years. The average weekly wage for the retained jobs will be \$821. 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 retain a total of 363 jobs in the state by the year 2015. It is also estimated that the project would maintain total state government revenues through the year 2015, net of MEGA costs, of \$5,975,994 (current dollars) due to the retention of this facility.

#### **BUSINESS CASE**

IPC's parent company, Walsworth, is currently reviewing options in both Michigan and Missouri to determine the best alternative, based on state and local receptivity, incentives, workforce skill sets and job growth. With a larger workforce currently employed in Missouri, it is estimated that only 75% of the labor costs would be required to move all of the IPC Michigan business to Missouri. This takes into consideration the infrastructure already in place in Marceline, including management of operations, finance, accounting, information technology, estimating and invoicing. The company also sites a strong skilled workforce in Missouri.

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

Lincoln Charter Township has proposed a PA 198 tax abatement for 12 years in support of the project, with an estimated value of approximately \$292,000.

#### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 50 percent retention employment tax credit for five years for up to 208 retained employees, provided the company maintains at least 187 employees in Michigan.