



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**DATE:** February 19, 2008

**TO:** Michigan Economic Growth Authority

**FROM:** Val Hoag, Director  
Portfolio Management & Packaging

Amy Deprez, Program Manager  
Portfolio Management & Packaging

**SUBJECT:** Briefing Memo – Kaiser Aluminum Fabricated Products, LLC  
Standard Credit

**ELIGIBLE BUSINESS:**

Kaiser Aluminum Fabricated Products, LLC  
27422 Portola Parkway, Suite 350  
Foothill Ranch, CA 92610

**HISTORY OF COMPANY:**

Kaiser Aluminum Corporation was founded in 1946 with the lease and eventual purchase of three aluminum facilities from the United States Government. Over the ensuing decades, Kaiser Aluminum grew to become involved in virtually all aspects of the aluminum industry, including the mining and refining of bauxite into alumina, the production of primary aluminum from alumina, and the manufacture of fabricated and semi-fabricated aluminum products. Following a recent restructuring, Kaiser Aluminum shed its non-strategic bauxite and alumina operations as well as most of its primary aluminum holdings. The company is now focused on developing the highest-quality fabricated aluminum products for major suppliers and manufacturers in the aerospace, general engineering, automotive and custom industrial markets.

Kaiser Aluminum Fabricated Products, LLC will be a new entity under the parent company, Kaiser Aluminum Corporation. Currently Kaiser employs 14 associates in Michigan with primarily sales functions.

**PROJECT DESCRIPTION:**

Kaiser proposes to create a state of the art extrusion facility that is competitive on a global basis for high quality rod and bar aluminum extrusions. The facility will take in both prime aluminum and recycled aluminum scrap, converting them into billet suitable for extrusion. The operation will be a new facility for Kaiser Aluminum, but builds from its market position that is served today out of facilities in Richmond, Virginia and Tulsa, Oklahoma.

The company has identified a facility located in the City of Kalamazoo within Comstock Township and the Midlink Business Park. Total investment for this project is expected to be \$80 million and will create up to 300 jobs paying an average weekly wage of \$701.

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**BENEFITS 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 create a total of 717 jobs in the state by the year 2018. We also estimate that the project would create total state government revenues through the year 2018, net of MEGA cost and adjusted for inflation, of \$19.6 million (2008 dollars) due to the creation of these new jobs.

**BUT FOR:**

Alternatively, Kaiser currently owns and operates an existing facility in Newark, Ohio which has enough room within the facility to locate the proposed equipment within the existing walls. This scenario eliminates building and/or lease costs, as the company already owns the facility, and also reduces the associated transportation costs.

**STATE AND OTHER LOCAL ASSISTANCE:**

Southwest Michigan First and the local community have provided assistance by evaluating the facility from multiple angles including engineering, environmental, legal and general services. The monetary equivalent of this contribution in staff time and resources is approximately \$20,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 300 net new employees.