



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: August 19, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
Joshua Hundt, Project Specialist
Portfolio Management & Packaging
SUBJECT: Briefing Memo – LeanLogistics, Inc.
Standard MEGA Credit

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COMPANY NAME AND ADDRESS:

LeanLogistics, Inc.
3347 128th Avenue
Holland, MI 49424

HISTORY OF COMPANY:

LeanLogistics, Inc., based in Holland, Michigan, was founded in 1999. The principle service provided by the company is an on-demand transportation management system. The company now offers additional services including managed transportation services.

In March of 2008, LeanLogistics, Inc. was purchased by Brambles, an Australian company. LeanLogistics, Inc. is currently operating as a division of CHEP USA (a Brambles company). CHEP, headquartered in Orlando, Florida, is the global leader in pallet and container pooling services serving many of the world's largest companies. CHEP has more than 7,700 employees and operates in 44 countries.

LeanLogistics, Inc currently employs 64 people in the State of Michigan.

PROJECT DESCRIPTION:

The proposed project involves leveraging CHEP's unique pallet and container movement database and LeanLogistics' on-demand transportation management system to create value added transportation solutions. The solutions will optimize transportation across multiple networks. The proposed project will move LeanLogistics' operations to the City of Zeeland, Michigan.

This project will result in the creation of 186 new jobs in year one and 581 new jobs over the next five years with an average weekly wage of \$1,092. The company will also offer healthcare benefits, and pay a portion of the benefit costs. The overall capital investment for this project is \$13.9 million.

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 1,141 jobs in the state by the year 2019. Total state government revenues through the year 2019, net of MEGA costs and adjusted for inflation, would be increased by \$29.7 million (2008 dollars) due to the presence of this expansion.

BUSINESS CASE:

The major competing location for this project is Orlando, Florida, which is the location of LeanLogistics' parent company, CHEP USA. The existing Orlando location is a collaborator in the new service line and relocating and expanding in Orlando would be appealing since efficiency could be gained, overhead reduced, resources could be shared more easily and less expensively, communications could be enhanced, and opportunities for intercompany advancement would increase.

In addition, LeanLogistics will pay \$4.4 million more in taxes over five years in Michigan than if the company moved to Florida

STATE AND LOCAL ASSISTANCE:

The City of Zeeland is supporting this project for LeanLogistics, Inc. and anticipates approval of a real and personal property tax abatement for 12 years under PA 198 of 1974.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 100 percent standard employment tax credit for 10 years, for up to 581 new jobs.