



## MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

### MEMORANDUM

**DATE:** August 26, 2003

**TO:** Michigan Economic Growth Authority

**FROM:** Jim Donaldson, Vice President  
Business Development

**SUBJECT:** Briefing Memo – MS Truck Body Corporation  
Standard Credit

#### COMPANY NAME AND ADDRESS:

MS Truck Body Corp.  
1801 South Nottawa Road  
Sturgis, Michigan 49091

#### HISTORY OF COMPANY:

MS Truck Body Corp. is a manufacturer of truck bodies and service parts for truck bodies. The company was formed on July 15, 2003, when the assets of Grumman Olson Industries, Inc. in Sturgis, Michigan were acquired. Grumman Olson had operated in Sturgis since 1963. Currently, MS Truck Body has 257 employees in Michigan, all former Grumman Olson employees in Sturgis.

#### PROJECT DESCRIPTION:

MS Truck Body has proposed relocating several of their business operations from Pennsylvania to Sturgis, Michigan. The business units considered for relocation include parts, materials handling and the specialty Beltrami Door business. The relocation of these three business units is expected to generate 264 new jobs in the next five years, paying an average weekly wage of \$510. MS Truck Body is also considering an alternative location in Texas for this business.

Total capital investment for the project would be approximately \$1.25 million in new and transferred personal property. There is minimal real property investment, as the company will utilize existing facilities acquired with the purchase of the Grumman Olson operations in July. The initial transfer of business operations would begin in September 2003, with 180 new positions created in the first year.

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**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 420 jobs in the state by the year 2007. Total state government revenues through the year 2007, net of MEGA costs and adjusted for inflation, would be increased by \$4.5 million (2003 dollars) due to the presence of this facility.

**BUT FOR:**

As part of the company decision-making process, MS Truck Body compared the costs of the project in Sturgis to a sister facility in Corsicana, Texas. After a comprehensive analysis, the major cost gap identified by the company was lower wage and utility costs in Texas. MS Truck Body estimates that labor costs in the south would be 10% lower, saving the company nearly \$900,000 per year when fully staffed. In addition, the company would save approximately \$500,000 in electrical and gas utility costs due to lower heating needs at the facility in Texas.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Sturgis is proposing a 50 percent abatement of the company's new personal property for 12 years, pending final adoption by the City of Sturgis. The value of the abatement is estimated at \$95,100. Final tax abatement approval is expected to be complete on September 10, 2003.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for five years, for up to 264 net new employees.