



## MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

# MEMORANDUM

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**Date:** June 16, 2009

**To:** Michigan Economic Growth Authority

**From:** Amy Deprez, Manager  
Packaging Team

Marcia Gebarowski, Project Specialist  
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**Subject:** Briefing Memo – Roskam Baking Company  
Standard MEGA Credit

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### COMPANY NAME

Roskam Baking Company  
P.O. Box 202  
Grand Rapids, MI 49501

### HISTORY OF COMPANY

Roskam Baking Company (RBC) is a baking company that contracts to manufacture croutons, cereal, snack mixes and dry mix products for major food companies. They also manufacture and sell their own branded products. RBC is a family owned business operating in Michigan since 1923.

Roskam Baking Company currently has 657 employees in Michigan.

### PROJECT DESCRIPTION

RBC will be expanding their business opportunities by competitively bidding for new manufacturing contracts. To support that growth, they will be adding new lines at their facility in Kentwood. The project also includes new lines to manufacture for independent businesses.

Roskam Baking Company will invest approximately \$60.5 million, primarily in machinery and equipment, and create 1,500 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$509. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

### 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 3,168 jobs in the state by the year 2019. Total state government revenues through the year 2019, net of MEGA costs, would be increased by \$92 million (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Roskam Baking Company continuously runs into freight disadvantages when shipping their goods to their customers. Food companies often require their manufacturing facilities to locate closer to their distribution centers to offset shipping costs. Large food companies often choose to manufacture the goods internally if it proves to be too costly to outsource the work.

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

The City of Kentwood is supportive of this project and anticipates approval of a PA 198. The estimated value of this incentive is not known at this time.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years for up to 1,500 net new employees in excess of the company's established base of 657 subject to the following:

- The company must create and maintain a minimum of 1,000 jobs above the established base of 657 by year six. Failure to do so will result in the forfeiture of remaining years of the credit.
- The company must make a capital investment of \$25 million by year six. Failure to do so will result in the forfeiture of the remaining years of the credit.