



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: September 19, 2006
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Siemens Water Technologies Corporation
Standard Credit

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COMPANY NAME AND ADDRESS:

Siemens Water Technologies Corporation
(dba US Filter)
2155 112th Avenue
Holland, Michigan 49424

HISTORY OF COMPANY:

Siemens Water Technologies Corporation manufactures filter systems and other products for industry as well as water and wastewater treatment. The company was founded in 1976 by John and Linda VandenBos as JW Industries in Holland, Michigan. It has grown steadily and was purchased in 2004 by Siemens. The company currently employs about 130 in Holland and has two small operations in Hazel Park and Wyoming, Michigan that bring total employment in the state to 157. Siemens expects continued strong sales growth in the future and an expansion of the Holland Township facility will position it for future work.

PROJECT DESCRIPTION:

The Siemens Water Technologies facility in Holland has the opportunity to compete for work with other Siemens facilities in the United States. One opportunity involves the closure of a company facility in Madison, Indiana. Siemens has the ability to locate this work in Holland or Thomasville, Georgia. The project could create up to 80 new jobs with an average weekly wage of \$803 in Holland in the next four years and will lead to investment of nearly \$3 million.



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BENEFIT TO STATE:

According to the economic analysis done by MEDC staff utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 127 jobs in the state by the year 2016. We also estimate that the project would increase total state government revenues through the year 2016, net of MEGA cost and adjusted for inflation, of \$3.27 million (2006 dollars) due to the location of this facility.

BUT FOR:

The company has considered locating these expansions in an existing facility in Thomasville, Georgia. Wages would be substantially lower in Thomasville and property taxes would be also be lower. The annual cost differential ranges up to \$1 million annually.

OTHER STATE AND LOCAL ASSISTANCE:

The MEDC has offered up to \$40,000 of training assistance through the Economic Development Job Training program for up to \$500 per employee for up to 80 new or existing employees at the Holland Township Facility.

Holland Township is expected to vote on a proposed a 12-year PA 198 property tax abatement for all new real and personal property related to this project on September 21. The estimated value of the PA 198 abatement is approximately \$327,000 ~~million~~ over 12 years.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit, with a look-back provision, for 9 years, for up to 80 net new jobs at Holland Township.