



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.THEMEDC.ORG

Date: August 18, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Joshua Hundt, Project Specialist
Packaging Team

Subject: Briefing Memo – Wolverine World Wide, Inc.
Rural MEGA Credit

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COMPANY NAME

Wolverine World Wide, Inc.
9341 Courtland Drive
Rockford, Michigan 49351

HISTORY OF COMPANY

Wolverine World Wide, Inc. is one of the worlds leading marketers of branded casual, active lifestyle, work, outdoor sport and uniform footwear and apparel. The company was founded in 1883 and is headquartered in Rockford, Michigan.

The company's portfolio of brands includes Bates, Chaco, Cushe, Hush Puppies, Merril, and Wolverine. Wolverine World Wide, Inc.'s products are carried by retailers worldwide in over 180 countries.

Wolverine World Wide, Inc. currently has 1,244 employees in Michigan.

PROJECT DESCRIPTION

The proposed project is the expansion of the company's operations in the City of Big Rapids, Mecosta County, which has a population of less than 90,000, which qualifies the project for a Rural MEGA. Wolverine World Wide currently has a manufacturing operation in Jonesboro, Arkansas and intends to move the manufacturing from that facility to Big Rapids. The result of this move will be a sustainable cut-to-pack United States manufacturing operation that provides competitively priced cut-to-pack footwear production.

Wolverine World Wide will invest approximately \$6.27 million and create 286 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$420. Though the average weekly wage is below the legislative minimum for the MEGA tax credit, the company offers health care to the employees and pays a portion of the cost. The company will need to include the health care benefit in order to qualify these jobs and meet the 150% of federal minimum wage requirement.

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 532 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$10.3 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Alternatively the company is considering continuing their operations in Jonesboro, Arkansas. Wages and fringe benefits are lower in Arkansas than in Michigan and the company will not have to make the related expansion capital investment if it retains the Jonesboro facility.

OTHER STATE AND LOCAL ASSISTANCE

The City of Big Rapids is supportive of this project and plans to approve a property tax abatement under PA 198 of 1974.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent rural employment tax credit for 7 years for up to 286 net new employees in excess of the company's established base of 1,244.