

MEMORANDUM

Date: January 19, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Phil Santer, Project Specialist
Packaging Team

Subject: Briefing Memo – Colwell & Salmon Communications, Inc.
Standard MEGA Credit

COMPANY NAME

Colwell & Salmon Communications, Inc.
24 Computer Drive West
Albany, New York 12205

HISTORY OF COMPANY

Colwell & Salmon Communications, Inc. (“Colwell & Salmon”) has over 20 years of customer service experience, providing inbound and outbound contact services to Fortune 100 and 500 companies. Colwell & Salmon provides lead/sales generation, inbound customer care, technical support, market research and other services to clients in industries like information technology, publishing and telecommunications.

Colwell & Salmon is headquartered in Albany, New York, and is owned by GHCL Ltd. in India. Colwell & Salmon currently has 30 employees in Michigan.

PROJECT DESCRIPTION

Colwell & Salmon is seeking to expand its current call center operations in Livonia as a result of acquiring a new customer in the financial services industry. The call center will provide “soft collections” and loan modification request services to their client. “Soft collections” involve contacting individuals who may have defaulted on a loan and providing reminders on terms that must be met (e.g. past-due payments). In addition, they would facilitate loan modification requests and pass those on to loan officers at their client’s facilities. This project will require that some of the new employees be bilingual.

Colwell & Salmon will invest approximately \$4.9 million and create 502 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$494. The company also offers a healthcare benefit option, and plans to pay a portion of the benefit cost if employees choose that compensation plan.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

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 704 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs, would be increased by \$5.9 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Colwell & Salmon are considering other locations for this expansion, including Dallas, Texas. The company has indicated that Michigan's wage structure for these positions is higher than that in Texas, and that the available bilingual labor pool is larger in that region.

OTHER STATE AND LOCAL ASSISTANCE

The City of Livonia is supportive of the project and will consider a property tax abatement through Public Act 328 of 1998.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 50 percent employment tax credit for four years for up to 502 net new employees in excess of the company's established base of 30.