



## MEMORANDUM

**Date:** October 18, 2011  
**To:** Michigan Economic Growth Authority  
**From:** Robert Wilson, Project Specialist  
Packaging Team  
**Subject:** Briefing Memo – Quad/Graphics, Inc.  
Rural MEGA Credit

---

### COMPANY NAME

Quad/Graphics, Inc  
N61 W23044 Harry's Way  
Sussex, Wisconsin 53089-2827

### HISTORY OF COMPANY

Quad Graphics, Inc. ("Quad/Graphics") is a printing company based in Sussex, Wisconsin; the organization is global in scale and supports more than 25,000 employees in roughly 60 facilities across North America, Latin America, and Europe. Quad/Graphics produces catalogs, magazines, books, direct mail and other commercial material. Services include production, design, photography, binding, wrapping, and distribution. Quad/Graphics has produced catalogs for Bloomingdale's, books for National Geographic, and magazines such as People.

Quad/Graphics owns its Midland, Michigan facility and the site operates as a full-service web offset serving the short-run, special interest publications and catalog markets. Services/capabilities include: plate making, web offset printing, digital printing, saddle stitching, perfect binding, co-mailing, and distribution. The facility operates 24 hours per day, 5 days a week, with weekend overtime as volume dictates.

The company currently has 303 employees in Michigan.

### PROJECT DESCRIPTION

Quad/Graphics will expand operations at its Midland, Michigan facility. This project is part of the company's attempt to reconfigure its North American portfolio in order to improve operating efficiency and lower operating expense. Quad/Graphics will be investing in a commercial printing press and installing manufacturing equipment being moved from other Quad/Graphic facilities outside of Michigan.

The company plans to invest approximately \$1,100,000, and create 152 jobs over the next five years, with 32 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created

Michigan Economic Development Corporation

jobs is anticipated to be \$443. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit. The project qualifies for a Rural MEGA, as it is located within Midland County, which has a population of less than 90,000 residents.

#### **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 240 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$1,653,238 (current dollars) due to the presence of this facility.

#### **BUSINESS CASE**

Quad/Graphics evaluated the proposed investment relative to sites in Oklahoma City, Oklahoma; Nashville, Tennessee; and Dickson, Texas. The company identified competitive disadvantages of the Michigan site related to a negative impact on their distribution channel, higher electrical costs, and higher labor costs. The MEGA tax credit will help in part to offset the disadvantages associated with a Midland Michigan Location.

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

The City of Midland is supportive of this project and anticipates the approval of tax abatements under P.A 198 of 1974 for new property related to the project. The value of these abatements is not known at this time.

#### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent rural employment tax credit for 5 years for up to 152 net new employees in excess of the company's established base of 303.