



Hemlock Sees Life in Michigan (cover)

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Energy package, other incentives, seal deal for semiconductor plant.

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Michigan officials made sure that high energy costs wouldn't become the "poison pill" for a planned semiconductor plant expansion valued at nearly half a billion dollars.

Crafting a complex energy mitigation package of incentives and rate relief, leaders in the Wolverine State made it easier for Hemlock Semiconductor (HSC) to stay home and select Saginaw County over a competing site in Carrollton, Ky.

The deal came at the right time for a state deluged with bad economic news. Plant closings at General Motors, layoffs at Delphi, setbacks in the furniture industry and rising unemployment formed the "perfect storm" to make 2005 the equivalent of a Category 5 hurricane for Michigan's economy.

Only three years removed from the end of a record-setting five-year run of *Site Selection* Governor's Cup victories (for most new and expanded corporate facility projects in the U.S.), Michigan found itself mired in a prolonged slump. Old industrial companies wed to legacy costs and obsolete technologies closed up shop, left the state or passed out pink slips.

To Michigan, Hemlock wasn't just the antidote to a poor economy; it was a tonic that symbolized the state's high-tech focus. So the state treated the project as a "must-win" game.

The result was an announced US\$400-million to \$500-million investment that will create 150 permanent jobs averaging \$50,000 in annual pay.

"Without the support of state and local governments, this deal would not have been done," Greg Skufca, site manager for HSC, tells *Site Selection*. "It was critical to get that state support."

Kentucky upped the ante with energy costs that are 30 percent less than Michigan's and an extremely aggressive economic development program. The Bluegrass State competed intensely to land the facility in Carrollton, a steel and power-plant town along the Ohio River between Cincinnati and Louisville.

The fact that Kentucky American maintains a large coal plant on the water made Carrollton an attractive location for the HSC project.



Greg Skufca, site manager for Hemlock Semiconductor, says a special energy rate, water infrastructure and work force productivity helped Saginaw County win Hemlock's \$400-million project.

"We took a serious look at alternate locations, based on proximity to raw material, material costs, labor costs and speed to market," says Skufca. "Kentucky was looked at very seriously because energy was a huge issue."

[TOP OF PAGE](#)



[Top of Page](#) | [Cover](#) | [Letter to Editor](#) | [Site Selection Online](#) | [SiteNet](#)

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