



Public Hearing

**Grant Application to MN Dept. of Employment and Economic
Development (DEED)**

Minnesota Investment Fund (MIF) Program

for

ASV/Yanmar Expansion Project



March 10, 2022





■ **Company Background**

- **Founded in a small garage in Marcel, MN by snowmobile industry pioneers Edgar Hetteen and Gary Lemke in 1983, ASV has grown to become an industry leader in compact equipment production, sales and parts distribution. In 1995, with support from the IRRRB, the City of Grand Rapids and the Grand Rapids EDA, ASV moved to a new facility in Grand Rapids.**
- **ASV has continued to grow and expand over the past 26 years in Grand Rapids, now employing 224 full time employees with a total annual payroll of \$21M. In 2018, when GREDA provided a similar MIF loan to ASV for their Parts Distribution Center, they employed 153. ASV occupies 300,000 square feet of production and warehouse space on a 27-acre campus.**
- **In September 2019, ASV was acquired by the Yanmar Compact Equipment division of Yanmar Group. With the merger, ASV's independent dealer network throughout North America, Australia and New Zealand joined Yanmar's global construction equipment operations.**
- **Yanmar, founded in 1912, is a global industrial equipment manufacturer, with divisions focused on small and large engines, agricultural machinery and facilities, construction equipment, energy systems, and marine equipment, machine tools and components. The Yanmar Compact Equipment division, since 1968, has been designing, manufacturing, selling and servicing mini and midi excavators, wheel loaders and wheel excavators, with production facilities in Japan, France, Germany, and now the United States.**



■ **Project Description & Drivers**

- **The proposed project involves a significant expansion of the Grand Rapids production facility spanning a four year period beginning in 2022.**
 - **Construction of a 60,000 square feet high-bay warehouse on east side of the existing manufacturing facility. (Design in 10/22 with construction beginning in 5/23)**
 - **Construction of site improvements including additional parking (following the same timeline as the warehouse)**
 - **Completions of assembly layout modifications within the existing manufacturing space to accommodate an additional assembly line. (To be completed following the completion of the warehouse in 2024)**
 - **Purchase and installation of additional tooling and equipment and staffing. (Beginning with welding cells in 2022 followed by new paint line)**
- **Two main objectives of the ASV/Yanmar business plan are driving the need to expand.**
 - **A significant ramp-up in the production of ASV and Yanmar branded Compact Track Loaders (CTL); both existing products and planned launching of new products to keep pace with the growing demand.**
 - **The relocation of a line of Yanmar Compact Mini Excavator (CEX) production from Japan to the Grand Rapids facility, designed to serve the North American market.**





■ Projected New Employment

- The proposed project involves a significant expansion of both hourly and salaried positions in Grand Rapids, between 2022 – 2026) The proposed addition direct jobs will raise ASV's annual payroll from \$18M to \$54M.
- ASV provides benefits for all of its employees, including 401K contribution, health, dental, and vision insurance, PTO, short and long-term disability and paid holidays.

	2021 FTE	2026 FTE	Increase FTE	Increase (%)	Avg. Wage	Position Types/Areas
Production & Operations (hourly)	152	436	284	187%	Production \$19.82/hour Operations \$21.43/hour	Assemblers, Metal Fabricators, Welders, Painters, Warehouse Clerks
Administrative (salaried)	72	151	79	110%	\$81,250	Executives, Engineers, Human Resources, IT, Finance, Plant Management, Customer Support, Purchasing
	224	587	363	162%		

- Within the first two years of the project, it is planned that 115 of these jobs will be created. These jobs will have an average hourly wage of \$21.60/hour. The average hourly benefits will have a value of \$8.21/hour.



■ Project Cost/Sources/Uses of Funds

- The following represents the anticipated sources of funds and their proposed use. (Not all sources of economic development assistance shown have been applied for, to date)

Expense Description	MN IRRR	MN DEED/GREDA	ASV/Yanmar	City	Itasca County	Total
Site Work Construction	350,000		239,000			589,000
Building Construction			3,763,000	234,000	186,000	4,183,000
A&E			107,500			107,500
Building/Site Contingency			244,000			244,000
Equipment CAPEX	1,000,000	450,000	1,450,000			2,900,000
Plant CAPEX			586,000			586,000
Assembly Line Reconfiguration/Install			400,000			400,000
Employee Training		400,000				400,000
	\$1,350,000	\$850,000	\$6,789,500	\$234,000	\$186,000	\$9,409,500

- In addition, MN DEED has proposed the Job Creation Fund program which would provide rebates to ASV for building construction expenses and per job created. The estimate value of the job creation rebates is \$850,000 over 7 years. This is exclusive of the sales tax rebate on building construction, which hasn't been estimated.



- **MN DEED/GREDA Minnesota Investment Loan (MIF) Loan**
 - **The proposed project qualifies for the DEED MIF Program. Under the MIF program:**
 - **GREDA would submit an application for a \$450,000 grant from DEED**
 - **When approved by DEED, GREDA will execute a grant contract with DEED and use the grant proceeds to provide a \$450,000 equipment loan to ASV.**
 - **Loan Terms:**
 - **0% interest, 7 year term.**
 - **GREDA has the ability to provide forgivable terms on 100% (\$450,000) of the loan, which will be tied to job creation estimates provided for the first two years following the loan. I am recommending GREDA provide those forgivable terms to ASV.**



- **City Council**

- At their February 14 meeting, the City Council adopted a resolution in support of GREDA's application for MIF funding.

- **GREDA Public Hearing**

- The purpose of today's public hearing is to give the public an opportunity to express comments on the project. It is a requirement of the MIF program.
- A notice of this meeting was published in the Grand Rapids Herald Review on February 27.



Questions/Comments