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## Welcome New Members!

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## Letter From Les

Well, it seemed as though spring had finally arrived, but here it is, mid-April and there's a forecast for snow. At least the forecast for growth in the manufacturing sector looks brighter. According to DEED, Minnesota companies exported a record \$4.6 billion in manufactured products in the fourth quarter last year, breaking the previous quarterly record of \$4.5 billion that was set in the third quarter of 2008. And more good news; there were 2,400 new manufacturing jobs added in February!



Also out in February was Enterprise Minnesota's "State of Manufacturing" report. According to the survey results, less than one in ten manufacturing executives anticipates a continued recession in 2011 while 40 percent foresee economic expansion. More executives are also expecting an increase in revenues, profits, and capital expenditures. The full results of the State of Manufacturing report are available at [www.StateofManufacturing.com](http://www.StateofManufacturing.com).

As we move on toward warmer and sunnier days, we can also look forward to better economic days in the world of manufacturing. It's been a tough couple of years, but there appears to be some light at the end of what has been a very dark tunnel.

## Featured Member: Pellco Machine



Pellco Machine is a machine shop that does contract manufacturing for many different industries. Parts that we produce have gone into tanks, submarines, Blackhawk helicopters, both military and commercial aircraft. A larger portion of our parts go into industrial type applications such as Bobcats, lawnmowers, snowmobiles and ATV's, paint shakers, hydraulic connectors, pressure valves and photo electronic equipment used by companies like Disney.

Pellco specializes in CNC machining of a variety of metals and plastics. We have parts that are machined in as little as ten seconds and others that can take over an hour for one operation. Currently we have 17 CNC machines including Swiss automatics, CNC lathes, verticle and horizontal machining centers. Quality machines are an important factor in our success so we only purchase top notch equipment such as Mori Seiki, Mazak, and Star Swiss automatics.

## Pellco Machine *Continued*

Quality parts, reasonable deliveries and competitive pricing keep our customers happy and coming back for more. Two of our top three customers have been doing business with Pellco since 1985 when we started. With many of our customers we work closely with their engineers helping them solve problems with their products and trying to bring costs down when possible. As with many smaller businesses, our employees have the greatest impact on our success. Of the 27 current employees at Pellco, six of them have been with us for more than ten years and one of them for 22 years. There are also four people over five years with a few more approaching the same. Hard work and commitment from our employees has allowed Pellco to grow and prosper for 26 years.

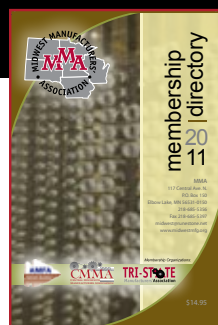
The company was started back in 1985 by Randy Pelletier; he is still the president and owner today. He started with a OOG Brown & Sharpe screw machine renting about 200 s.f. in a warehouse. In 1988 we moved the company to St. Michael and a new 5000 s.f. building. Another 8000 s.f. was added in 1996. By 2006 we had outgrown that space and built a new 40,000 s.f. building about a mile down the road which we moved into in January of 2007. We installed a 40Kw solar panel system which currently takes care of around 7% of our electrical consumption. At the time it was the largest array of solar panels in the state.

After moving to our new facility we had a couple of tough years, as many businesses did, but in July of 2009 the tide started to turn. By the beginning of 2010 the flood gates had opened and we don't see them closing anytime soon. We experienced a 38% growth rate in 2010 and expect to be around 30% for the current year. Pellco Machine is proud to be a Minnesota manufacturer and thankful to be a part of the recovering economy.



## Did You Know?

Final copy for the association's 2011 Membership Directory was submitted to the printer on March 31st. All current CMMA members will be mailed a complimentary copy of the new directory in early May. Additional copies of the directory are available to members at no cost – just contact the CMMA office.



## Did You Know? *Continued*

The CMMA website contains a link for online payments of meetings and events. Register and pay for your meeting 100% online. You will find the link located on the events page.

The TSMA website offers a place for CMMA members to post current job openings. This is a free service. All job postings will be on the website for 30 days unless the job is filled before that time.

CMMA is now a member of LinkedIn. Join the CMMA group and get up to date information about what is happening in the manufacturing industry.

To join the CMMA group, log onto LinkedIn. In the top right corner of the screen scroll down (next to the search field) and find "Groups." Type in "Central Minnesota Manufacturers Association."

The CMMA website contains a complete directory of all current members, with a number of search options offered. Search by company name, city, zip code, or capability/service to find the member you are looking for. To date, there are 107 companies listed.

[www.centralmnmanufacturing.com](http://www.centralmnmanufacturing.com)



## \$2,000 Donated to the CMMA Scholarship Program

Thelen Advertising, St. Cloud, recently donated \$2,000 in support of the CMMA Scholarship Program. Each year, several scholarships are awarded to students in the region who are enrolled in programs that support the manufacturing industry. Les Engel, CMMA President (left) is pictured with Aaron Guck, Thelen Advertising.

## CMMA Members Meet with State Legislators

Sales tax on manufacturing equipment, burdensome state regulations, and high corporate income taxes are the legislative issues of greatest concern to CMMA members. A hearty group of a half dozen CMMA leaders and manufacturers journeyed to St. Paul on Tuesday, March 29, to share our views with key state legislators serving Central Minnesota.

“The House and Senate were in Session, but several representatives and senators came out to meet with us,” CMMA President Les Engel noted. “Representatives Steve Gottwalt, Sondra Erickson, Tim O’Driscoll, and King Banaian, along with Senator John Pederson, all introduced or supported draft legislation that impacts job creation by growing Minnesota’s manufacturing base.” Representative Steve Gottwalt encouraged CMMA members to tell their stories where taxes and/or regulations have hurt their companies and stifled the growth of our economy. If you have a story to share, we would love to hear it! Please submit stories to the CMMA office as soon as possible. We ask that you keep your testimony to one page or less as we plan to send them on to representative Gottwalt so he can share them with all of the legislators.

CMMA’s 105 member manufacturers and service providers have a combined 20,818 employees which represent 16.4 percent of all jobs in Central Minnesota, with an annual payroll of \$1.05 billion, which is equivalent to over 20 percent of total wages in our region. CMMA’S commitment to growth and innovation is critical to holding a competitive advantage in manufacturing in this region, the State of Minnesota and in the global economy.

“The current sales tax on manufacturing equipment is an issue of great concern to manufacturers and small businesses in general,” said Randy Pelletier, owner of Pellco Machine in St. Michael, last year’s CMMA Member of the Year. “Minnesota Manufacturers purchase \$146 million in new equipment annually. Under current law, manufacturers must pay sales tax when the equipment is purchased, then apply for refunds. The process is cumbersome, time-consuming, subject to audit, and is detrimental to manufacturers’ cash flows,” he added. The proposed omnibus tax bill would remove this requirement effective with purchases made after June 30, 2013, which is a step in the right direction, but CMMA members, along with Governor Dayton and the StarTribune Editorial Board support eliminating the sales tax on manufacturing equipment altogether starting this year.

Minnesota manufacturers now pay the second highest corporate income tax rate in the world (35% federal plus 9.8% state = 45%). This tax rate is higher than surrounding states and combined with the federal corporate income tax rate is higher than all developed countries in the world. The high corporate income tax rate is problematic for Minnesota corporations considering expansion in our state and growing their businesses here. CMMA supports a reasonable phased reduction of the

state and federal corporate income tax rates to be competitive with surrounding states and more comparable to the national average.

Minnesota manufacturers also are subject to ever-more-restrictive state regulations that directly impact manufacturers’ buildings, equipment and operations. The process of applying for routine environmental permits may take years instead of months. As a result, manufacturers have expanded in other states where the regulatory process is less time-consuming and more business-friendly. CMMA supports Governor Dayton’s directive requiring MPCA and DNR to take action on all new permit applications within five months of the date of submittal.

“CMMA will continue to share our views with area legislators and thank them for their support,” Engel added. “We’ll see how they vote and we look forward to hearing more from them at our CMMA legislative forum after the conclusion of this years’ legislative session. Mark your calendars for 7:30-9 a.m. Thursday, June 23 at St. Cloud State University.” Watch your e-mail for more details.

### Upcoming Events

#### Thursday April 28, 2011

CMMA breakfast meeting will be held in Big Lake, MN featuring a guest speaker on “ISO Rewards/Challenges.” Immediately following the meeting join us for a tour of Paragon Store Fixtures.

#### Thursday May 26, 2011

CMMA breakfast meeting will be held at the Moose Lodge, featuring MN DEED Labor analyst, Cameron Macht. Immediately following the meeting join us for a tour of DCI, Inc.

#### Thursday June 23, 2011

CMMA legislative panel - watch the website for details to become available.

For full event listings and details, please visit the **Events page here**. For questions or reservations contact LeeAnn Rostberg at [leeannr@runestone.net](mailto:leeannr@runestone.net).

Do you have suggestions for speakers or topics you’d like presented? Please contact Sandy Kashmark at [midwest@runestone.net](mailto:midwest@runestone.net).

## Board Bio



**Name:** Nick Weis

**Where do you work, what do you do?** Custom Caseworks, Inc. Sauk Rapids, MN. Operations Manager

**What was your first job?** Picking Sweet Corn during the summer months

**Hometown:** Clear Lake, MN

**Family:** Wife Jill is a School Teacher and Hannah 14, Logan 12

**Pets:** Chocolate Lab named Chloe

**Favorite author?** Stephan Covey

**Favorite movie?** "Caddy Shack"...every time I see a Gopher while golfing, I laugh...

**Favorite food?** Grilled Salmon w/Asparagus

- Season Salmon with Lemon Pepper, Garlic/Herb, and Cajon seasoning to taste
- Coat Asparagus with Olive oil, vinegar and Lemon Pepper
- Pre heated grill, Grill Salmon skin side down until flaking, turn over and grill for 2 additional min.
- Lay Asparagus on top shelf of grill and grill only a couple of min. should be slightly crunchy
- Serve with Spanish rice and crushed tomatoes and garlic

**Hobbies, Sports or Favorite Games?** Outdoor activities, golfing, fishing, running, camping, and spending time with my family at our cabin up north.

**Comment on your involvement in CMMA:** I was one of the charter members who first met in October of 2007 at the former Komo Machine. Currently I'm the Vice President along with serving on the Program Committee. I enjoy sharing ideas and experiences with other organizations, including manufacturing. I gain satisfaction mentoring, coaching and watching others exceed their own expectations.

**What would CMMA members be surprised to learn about you?** I've run 15 marathons



## Starrett, Tru-Stone receives MNSHARP award

Workplace safety and health representatives from the Minnesota Department of Labor and Industry (DLI) recognized CMMA member Starrett, Tru-Stone Technologies Division, as a Minnesota Safety and Health Achievement Recognition Program (MNSHARP) worksite in March of this year.

MNSHARP is a Minnesota Occupational Safety and Health Administration (MNOSHA) program that recognizes organizations where managers and employees work together to develop safety and health programs that go beyond basic compliance with all applicable OSHA standards and result in immediate and long-term prevention of job-related injuries and illnesses.

"This is a proud moment for our company. This achievement is the result of years of hard work at Starrett, Tru-Stone," said Carlo Schwinn, general manager. "We truly appreciate all of the help and support Minnesota OSHA provided to us during this time of transition. This benefits all of us who work here, by knowing we are coming to work and returning home to our families from a place that is healthy and safe."

Starrett, Tru-Stone Technologies Division, manufactures precision granite, ceramic, carbon fiber and other medium used in precision metrology applications. Tru-Stone is the world's largest manufacturer of custom precision granite machine bases and accessories.

In conjunction with the award, the company received a MNSHARP flag and a certificate that exempts the worksite from MNOSHA Compliance scheduled inspections for two years.

MNSHARP began in Minnesota in 1996. Starrett, Tru-Stone is one of 41 active MNSHARP worksites. For more information, visit [www.dli.mn.gov/Wsc/Mnsharp.asp](http://www.dli.mn.gov/Wsc/Mnsharp.asp).



## 2010 Manufacturer of the Year *Pellco Machine, Inc.*

Pellco Machine, Inc., St. Michael, received the CMMA 2010 Manufacturer of the Year Award at the annual meeting in January. Company owner Randy Pelletier (second from right) is pictured with CMMA board members (from left) Tim Zipoy, Harry Larson, and Les Engel.