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## Kellogg puts brakes on tower

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Current economic conditions have put a hold on Kellogg Co.'s plans to build a new \$22.5 million office building downtown.

Construction on the six-story building, to be located next to the McCamly Plaza and Hotel, was expected to begin this spring, but Kellogg officials said the recession has put plans on hold for at least a year.

As a company, Kellogg continues to deliver profit gains, just posting a strong 7 percent gain in its fourth quarter. But analysts predict 2009 will be rocky for the food industry, as commodity costs continue to increase and the U.S. dollar remains weak. That, coupled with the massive U.S. peanut recall -- one that will cost Kellogg an estimated \$65 million to \$70 million -- was cause for caution by the company.

"We had to make a very difficult decision," said Celeste Clark, Kellogg's senior vice president for global nutrition and corporate affairs. "The economic environment that we are facing warrants a more careful approach."

Clark noted that the delay will not affect Kellogg's plan to move all area employees downtown, to create a more "campus-like" atmosphere.

The plan included the relocation of approximately 680 employees who currently work in the company's Porter Street office complex to the new building, across from Kellogg's world headquarters, located downtown at One Kellogg Square.

That employee shift was one of the things that sparked an \$85 million downtown revitalization plan. The plan was under the direction of economic development agency Battle Creek Unlimited and funded mainly by a \$35 million grant by the W.K. Kellogg Foundation.

"We remain very committed to the downtown campus plan for all employees," Clark said. "The goal is still to get all (Kellogg) employees downtown."

Clark said she was "not prepared to speculate" on an exact date the tower's construction would now begin, but noted that, because of climate and weather concerns, the tower's construction would not be feasible until at least spring of 2010.

Clark also said she cannot guarantee whether current tower plans would remain unchanged, but that Kellogg was "looking at a number of options" to maintain a downtown campus.

However, Kellogg is moving ahead full speed with the major expansion of its downtown research and development facility, the W.K. Kellogg Institute for Food and Nutrition Research, with a 157,000-square-foot addition almost complete.

The \$54 million expansion will be complete and operational by fall of 2009, Clark said.

Karl Dehn, BCU's president and chief executive officer, said the remaining \$62.5 million in downtown revitalizations projects -- which include gateway, street, landscape and infrastructure improvements -- are moving ahead as planned.

"The delay is unfortunate, but we certainly understand Kellogg's position, given the current economy," Dehn said. "But the gateway and streetscape is still moving forward. We need to make downtown more welcoming and appealing to new businesses."

And, right now, BCU officials are neck deep in the research, development and funding of a plan Dehn said "will make Battle Creek a national leader in food science."

The project aims to develop what BCU officials have coined "The National Center for Food Protection," a facility that would encompass all areas of food safety, including food testing, food chain defense systems and the development and commercialization of food technology systems.

"We are in the process of securing federal funding and will use a portion of the foundation grant to fund it," Dehn said. "We are going after it strong and expect the results to be very favorable."

Dehn said he expects to have more information and announcements on the food science center "in the very near future" and said he was excited about the "opportunities for collaboration this can bring to Battle Creek."

Clark agreed.

"Our office complex is just one part of a very comprehensive plan to revitalize downtown," Clark said. "And there's a lot of exciting progress being made in other areas downtown."

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