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# Tulkoff Food Products is ready to expand, but its CEO says Baltimore isn't the place

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Doing business in Baltimore City has become too expensive for [Phil Tulkoff](#).

The president of long-time horseradish manufacturer, Tulkoff Food Products Inc., said he's reached capacity in his 100-employee Southwest Baltimore facility and is looking into new opportunities to expand.

However, he doesn't see that growth taking place in the city — or possibly even in Maryland.



JACLYN BOROWSKI

Phil Tulkoff says high costs driven by city government, make it difficult for his company to compete with food manufacturers in other states.

Tulkoff said between rising water rates, real estate taxes double what they are in Baltimore County and the threat of a \$15 minimum wage, it doesn't make much sense to expand at his current location.

Family-owned Tulkoff Food and its famous Tiger Sauce have been Baltimore staples for decades. But the company has seen significant growth in recent years, largely driven by its co-packing and co-manufacturing lines. At this point, the third generation president says he's reached full capacity.

Tulkoff initially looked at adding about 15,000 square feet of space onto his existing Holabird property at 2292 Van Deman St. However, construction costs were too high, he said.

Now, he's exploring buying a new facility or another company outside of the city or even state lines. He looked at two locations in Texas, and a company outside of Maryland, but hasn't looked into opportunities in Baltimore's surrounding counties just yet.

The latest financial pressure on the company came earlier this month when the city's spending board approved a 30 percent increase to water and sewer rates. The hike will take effect July 1 with increases of about 9 percent in water, wastewater and stormwater charges over three consecutive years.

Tulkoff estimates the increase will cost his company about another \$45,000 annually, not including the additional fee he pays for water filtration.

Tulkoff Food uses a lot of water to clean millions of pounds of horseradish and ginger roots every year, as well as its equipment and facility daily. And as his business continues to grow, Tulkoff said, the company's water usage will only increase alongside the rates.

While \$45,000 isn't too much for a business, he noted that amount will add up over time. He estimates Tulkoff's annual water bill will jump from the \$147,500 total he received in 2017, to roughly \$210,000 by 2021.

Tulkoff Foods has also had issues with inaccurate billing, and recalled a period of time about three years ago when the company didn't get a water

bill for 13 months despite regular outreach to the city's Department of Public Works. The company was eventually sent a bill for an amount significantly larger than usual. He later had a new water meter installed, which has improved things, he said.

"We look at things in the long term," Tulkoff said. "I don't think the department [of public works] and local government looks at it that way."

Mayor Catherine Pugh told the Baltimore Business Journal on Friday that while the hike is needed now to fund long-overdue maintenance and upgrades to the city's water and sewer infrastructure, she promises it will ultimately lead to cost savings for residents. After the three years of increases have ended, Pugh said the rates will start to go back down.

Tulkoff also finds himself frustrated that he pays real estate taxes about twice what property owners a few blocks from him in Baltimore County pay. Of course, he knew that when he moved to his current location 11 years ago, he said. But now that his 10-year enterprise zone tax abatement has ended, the taxes are hitting the company harder than they did before.

High costs such as these, driven by city government, make it difficult for his company to compete with food manufacturers in states with lower taxes and fewer fees, he said.

Now, with the \$15 minimum wage debate ramping up again in the General Assembly, Tulkoff is even more concerned.

"When we looked at it over a year ago, I think the impact would be in the \$300,000 to \$350,000 range per year for me," he said.

Tulkoff Food Products currently pays its employees more than minimum wage, with starting pay around \$11 or \$11.50 per hour. The company also provides benefits such as covering some health insurance costs, 401K contributions and more, for employees many of whom don't have a high school degree, or have a criminal record.

He added that a \$15 minimum wage would also mean increasing the pay of other employees in order to keep parity in the workplace.

Tulkoff added that he likes the work Gov. Larry Hogan has done to create a "great business atmosphere" in Maryland.

However, that doesn't cancel out for him that, "the cost of doing business in Baltimore City has continued to go up quickly, and in big increments."

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