

MEMORANDUM

DATE: July 19, 2006  
TO: Michigan Economic Growth Authority  
FROM: James Donaldson, Vice President  
Michigan Business Development  
SUBJECT: Briefing Memo – Alphi Manufacturing, Inc.  
Rural Credit

COMPANY NAME AND ADDRESS:

Alphi Manufacturing, Inc.  
576 Beck Street  
Jonesville, Michigan 49250

HISTORY OF COMPANY:

Alphi Manufacturing is privately owned by Alan Symonds and Philip Marshallsay, who are both actively involved in the management of the business. The company is a Tier 1 supplier of metal tubular products for the automotive industry. Alphi is certified to ISO 9001:2000 quality standards and is working to achieve TS16949.

The factory at Jonesville has been involved with the manufacture of tubular products for over 40 years. Alphi purchased the assets of the business in September 1999. Since then, the company has tripled its sales revenues and employment and invested over \$6 million in new equipment, renovations and system improvements. The company currently has 181 employees at its Jonesville location.

PROJECT DESCRIPTION:

Alphi is organized on a cellular manufacturing system and currently operates fourteen tube bending cells. The company has been awarded new business for two new exhaust platforms for 2007. These new programs and other targets will require Alphi to add a minimum of four more bend cells over the next twelve months. The company anticipates the investment of \$4.2 million to expand and equip the facility, and the creation of up to 120 new jobs over the first five years of project operations. These new positions will pay average wages of \$427 per week.

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**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 177 jobs in the state by the year 2013. We also estimate that the project would increase total state government revenues through the year 2013, net of MEGA cost and adjusted for inflation, of \$2.7 million (2006 dollars) due to the location of this facility.

**BUT FOR:**

Due to capacity constraints the company requires a larger facility to accommodate their projected growth. They are considering two options; expansion of their current factory in Michigan, or a partial or complete relocation to a lower cost location in one of Michigan's neighboring states. Indiana is the most likely alternative location, due to its proximity to one of their largest customers and their largest tube supplier. They have considered locations in Muncie, Peru and Franklin Indiana. Lower wage and benefit costs could save the company up to \$360,000 per year once the expansion is fully staffed.

**OTHER STATE AND LOCAL ASSISTANCE:**

The Village of Jonesville has proposed a 12-year PA 198 property tax abatement for all new real and personal property, that will be on the agenda of the August 2 village meeting. The estimated value of the PA 198 abatement is \$304,000. The Village has also proposed to use funds from its Local Development Finance Authority to move utility lines, at the cost of \$55,000, and has paid the company's MEGA Application fee of \$5,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 120 net new jobs.