



MEMORANDUM

Date: December 13, 2011
To: Michigan Economic Growth Authority
From: Marcia Gebarowski, Project Manager
Packaging Team
Subject: Briefing Memo – Detroit Manufacturing Systems, LLC
Standard MEGA Credit

COMPANY NAME

Detroit Manufacturing Systems, LLC
35160 East Michigan Avenue
Wayne, Michigan 48184

HISTORY OF COMPANY

Detroit Manufacturing Systems, LLC (DMS) is a new organization formed to acquire automotive supplier contracts for a major OEM customer and operate manufacturing activities in Michigan. DMS is currently owned by Andra Rush, President of Rush Trucking in Wayne, Michigan.

The company does not currently have employees in Michigan.

PROJECT DESCRIPTION

DMS proposes to establish a vehicle component manufacturing facility in the City of Detroit, located at 12701 Southfield Road in the Gateway Industrial Park. DMS plans to ramp-up production in 2012-2013 with contracts, currently under negotiation, for vehicle components to supply a major OEM customer with. . DMS plans to utilize state of the art manufacturing processes and new innovative materials to become vertically integrated with their products. DMS will expand their expertise by aligning technologies with other manufacturers of plastic components, resulting in an increase in their business capability that could transfer into new product lines with OEM's and Tier One Manufacturers as well as across other industries.

The company plans to invest approximately \$29.2 million within five years, of which \$11.4 million is lease costs, and create 572 jobs over the next five years, with 178 jobs projected in year 1. The average weekly wage for the newly created jobs is anticipated to be \$653. The company also offers premium-based healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

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 generate a total of 1,193 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$12,290,358 (current dollars) due to the presence of this facility.

BUSINESS CASE

DMS has focused on Detroit to locate this project, as its purpose was to positively impact the City with long-term sustainable jobs at competitive wages. It is to enhance Detroit's image as a manufacturer and as a city. Additionally, DMS has estimated a higher average weekly employee wage cost in Michigan as compared to the combined competing states- roughly \$658/week in Michigan, compared to \$595/week in the combined competing states.

OTHER STATE AND LOCAL ASSISTANCE

The DEGC, on behalf of the City of Detroit, will work with DMS on the application for a PA 198 tax abatement for up to 12 years as well as a PA 328 property tax abatement for up to 15 years. The estimated value of these abatements is approximately \$4.2 million.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for five years for up to 572 net new employees in excess of the company's established base of 0.