



MEMORANDUM

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DATE: May 15, 2007  
TO: Michigan Economic Growth Authority  
FROM: Jim Donaldson, Vice President  
Business Development  
SUBJECT: Briefing Memo – Dowding Machining, LLC  
Standard Credit

ELIGIBLE BUSINESS:

Dowding Machining, LLC  
449 Marilyn Street  
Eaton Rapids, MI 48827

HISTORY OF COMPANY:

Dowding Industries, Inc., was founded in 1964, by Maurice Dowding as a small tool and die shop. Over the years it has expanded into metal stampings, fabrications, precision machining and grinding, coupled with laser cutting machines. They currently report \$33 million in sales per year and have grown to 211 employees in the Eaton Rapids area. Customers include Caterpillar, Cummins, Demmer Corp., Borg Warner, Kobota, and International Truck. In 2006, mutual owners formed a company in Hiawatha, Iowa, to produce fabrications for Kawasaki. Due to their Iowa operations, they have been able to secure new business and are considering locating this new business in Michigan under a new LLC, Dowding Machining.

PROJECT DESCRIPTION:

Dowding Machining has secured significant new business for the machining of transmission housings, components, and platforms used in the assembly of wind turbines. For this production, they will be purchasing machines with 160 foot long beds. As a result, they have also received strong interest from the gas and oil industries for parts that can only be produced by machines of this size. The capital investment in the first year is anticipated at \$7.15 million for a building, machinery and equipment, and special tooling.

The facility will be constructed on land adjacent to the current Dowding Industries facility in Eaton Rapids, MI. From this new venture, they expect to create 200 new jobs within five years, with a starting average weekly wage of \$476. The majority of these new jobs will be machine operators, craftsman, and general laborers.

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**BENEFITS 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 358 jobs in the state by the year 2017. We also estimate that the project would create total state government revenues through the year 2017, net of MEGA cost and adjusted for inflation, of \$8,315,000 (2007 dollars) due to the creation of these new jobs.

**BUT FOR:**

Dowding Machining is also considering Hiawatha, Iowa where they have related facility. Clipper Windpower will be assembling their wind turbines in Iowa and would like the primary parts to be built close by. Dowding has indicated wages, utility expenses, and taxes as contributing factors to a cost gap in favor of a facility in Iowa. Furthermore, Iowa is providing incentives that include training and tax credits.

**STATE AND OTHER LOCAL ASSISTANCE:**

The City of Eaton Rapids has proposed a PA 198 for the abatement on personal and real property for 12 years in support to the project. Additionally, MEDC is offering a 3 mil SET abatement. It is estimated these abatements will save the company \$746,000 over 12 years.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 200 net new employees.