



MEMORANDUM

Date: February 15, 2011

To: Michigan Economic Growth Authority

From: Kenneth Murdoch, Project Specialist
Packaging Team

Subject: Briefing Memo –Fluid Routing Solutions, Inc.
Retention MEGA Credit

COMPANY NAME

Fluid Routing Solutions, Inc.
600 Dekraft Street
Big Rapids, Michigan 49307

HISTORY OF COMPANY

Fluid Routing Solutions, Inc. is a leading designer and manufacturer of fuel management systems and hose extrusions projects for major OEM's in the automotive industry. The company's products include fuel filler assemblies, hose extrusion products including bulk hose, formed hose and radiator hose. The company's primary customers include Toyota, General Motors, Ford and Chrysler. The company operates 5 production facilities in Florida, Michigan, Ohio and Tennessee.

The company currently has 389 employees in Michigan.

PROJECT DESCRIPTION

Fluid Routing systems is making a decision regarding where to invest in machinery and equipment to enhance the company's productivity and efficiency. The machinery to be purchased will include robotics and automation, forming and expansion equipment, and helium and leak test machinery. If the investment occurs in Michigan it will take place at their facility in the City of Big Rapids, Mecosta County.

The company plans to invest approximately \$12.5 million and retain 277 jobs over the next five years, as a result of this project. The average weekly wage for the retained jobs will be \$675. The company also offers 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 516 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, would be increased by \$13.4 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Based on the cost of doing business in Kentucky and Tennessee versus Michigan, Fluid Routing Solutions would save over \$4,000,000 per year by relocating. These cost savings are associated with reduced labor costs and government incentives.

OTHER STATE AND LOCAL ASSISTANCE

The City of Big Rapids will be including the new \$12.5 million of machinery and equipment investment in their existing P.A. 328 that was approved in 2008. The estimated value of the abatement is \$513,000.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 50 percent retention employment tax credit for 7 years for up to 277 retained employees. The credit is subject to the following condition:

- The company must maintain at least 277 full-time jobs related to the project, of which 250 must be maintained in the City of Big Rapids, Mecosta County, failure to do so will result in forfeiting the credit for that year.