



John Engler, Governor

Doug Rothwell, Chief Executive Officer

MEMORANDUM

DATE: March 1, 1996

TO: Michigan Economic Growth Authority

FROM: Doug Rothwell, Chief Executive Officer and
Department Director *D.R. 2/11*

SUBJECT: Briefing Memo - IMCO Recycling Incorporated

COMPANY NAME:

IMCO Recycling Incorporated
Central Tower of Williams Square
5215 North O'Connor Boulevard, Suite 940
Irving, Texas 75039

HISTORY OF COMPANY:

IMCO began in Sapulpa, Oklahoma as a manufacturer of magnesium and magnesium anodes. The company rapidly expanded to include the secondary processing of aluminum dross which is a by-product of aluminum processing. During the 1970s and 1980s, IMCO's product mix grew to include all forms of magnesium and aluminum scrap. Between 1987 and 1993, the company grew by 350 percent. Currently, IMCO operates 12 facilities it has either built or purchased.

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PROJECT DESCRIPTION:

IMCO plans to build a new facility in either Fort Wayne, Indiana or Coldwater, Michigan. It will be a fully integrated aluminum recycling plant based on proprietary IMCO technology. The plant would be sited on 50 acres to allow room for expansion. Production equipment would include 6 furnaces, environmental systems to meet air quality standards, storage, shipping, receiving, and transportation equipment. Investment for this project will be approximately \$12 million and is expected to create 110 jobs that will provide an average weekly wage of \$500.

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 221 new jobs in the state by the year 2009. Total state government revenues through the year 2009, net of MEGA costs, net of property tax abatement costs, and adjusted for inflation would be increased by \$ 6,783,000 (1996 dollars) due to the presence of the IMCO Recycling facility.

COST ANALYSIS:

As part of the company's decision process, it has undertaken a comprehensive cost analysis between Fort Wayne, Indiana and Coldwater, Michigan. Based on figures obtained from the company, the annual cost disadvantage for IMCO Recycling to establish their manufacturing facility in Coldwater, rather than Fort Wayne, is approximately \$550,000 over the term of the incentive. The cost differential is primarily attributable to utility and transportation costs.

OTHER STATE AND LOCAL ASSISTANCE:

State assistance includes infrastructure development funding up to \$750,000 and workforce training assistance up to \$330,000. Local assistance includes discounted land, a property tax abatement for 12 years on the building and 6 years for equipment that will total approximately \$1,000,000, and \$100,000 for infrastructure improvements. Other state assistance includes a 100 percent abatement of the six mill state school tax worth about \$238,000.

RECOMMENDATION:

The Michigan Jobs Commission recommends a MEGA employment credit of 100 percent for a period of 12 years and a business activity credit of 100 percent for a period of 10 years for up to 110 employees.