



201 N. WASHINGTON SQ.  
4<sup>TH</sup> FLOOR  
LANSING, MI 48913  
517 335 5884  
517 335 2521

CUSTOMER ASSISTANCE  
517 373 9808

[www.michigan.org](http://www.michigan.org)

## MEMORANDUM

**DATE:** June 19, 2001  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Michigan Business Development  
**SUBJECT:** Briefing Memo – Krestec Engineering, L.L.C.

### COMPANY NAME AND ADDRESS:

Krestec Engineering, L.L.C.  
6301 Haggerty Road  
Belleville, Michigan 48111

### HISTORY OF COMPANY:

Krestec Engineering, LLC is a new company created to manufacture aluminum stampings and assemblies for the automotive industry. The company is operated by J&J, Incorporated, a holding company that also has ownership of L&W Engineering, Advanced Engineering Company, Axis Engineering and Jaytec, LLC. In total, these companies currently have 1,610 employees in Michigan.

### PROJECT DESCRIPTION:

Krestec Engineering is proposing to build a 256,000 square foot facility designed for aluminum stamping and assembly for the automotive industry. The proposed project will be located in Dundee, Michigan or Delta, Ohio. The project requires an investment of \$36.7 million, including \$11.7 million for land and buildings and \$25 million for new machinery and equipment. A total of 280 new jobs will be created due to the project with 93 new jobs being created in the first year. The average weekly wage will be \$468 with a benefit package worth up to 27 percent of wages. Project construction will begin in August, 2001 with completion of the facility planned for July, 2002. The facility is expected to be fully operational in January, 2003 after equipment is installed and limited test production runs are completed.

Briefing Memo  
Krestec Engineering, L.L.C.  
June 19, 2001  
Page Two

**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 585 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$24.4 million (2001 dollars) due to the presence of this facility.

**BUT FOR:**

As part of the company's decision-making process, it conducted a comprehensive analysis between Dundee, Michigan and Delta, Ohio. The two sites under consideration, although in different states, are located within the same geographical area. Due to the close proximity of the sites, the operational cost differential with Ohio is minimal. There are, however, lower costs in Ohio for property taxes, totaling about \$150,000 per year and wages, totaling about \$200,000 per year. Additionally, Ohio is offering a very competitive package of incentives including the Machinery & Equipment Tax Credit, which is valued at approximately \$1.9 million and the Ohio Jobs Creation Tax Credit, worth approximately \$1.3 million. In addition, the state and local communities in Ohio are offering training and local tax abatements.

**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$1,000 for each of the 280 new employees, totaling \$280,000. In addition, the state will provide a 100% abatement of the 6-mill State Education Tax for a length of time to match the local property tax abatement. The estimated value of this state tax abatement is \$849,600. In addition, the state of Michigan will be providing the local community a Community Development Block Grant worth up to \$2 million to provide infrastructure improvements to the company.

The Village of Dundee has proposed a 50 percent abatement of the company's real and personal property taxes for twelve (12) years. The estimated value of this local abatement is \$4,014,200.

Briefing Memo  
Krestec Engineering, LLC  
June 19, 2001  
Page Three

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a MEGA employment credit of 100 percent for eleven (11) years and 50 percent for one year for up to 280 net new jobs.