



MEMORANDUM

10 N. WASHINGTON SQ.  
LANSING, MI 48913

1100 EAST WASHINGTON  
ASSISTANCE CENTER  
7373 9808

WWW.THEMEDC.ORG

Date: April 20, 2010  
To: Michigan Economic Growth Authority  
From: Amy Deprez, Manager  
Packaging Team  
Greg West, Project Specialist  
Packaging Team  
Subject: Briefing Memo – Lenawee Stamping Corporation  
Standard MEGA Credit

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COMPANY NAME

Lenawee Stamping Corporation  
1200 East Chicago Boulevard  
Tecumseh, Michigan 49286

HISTORY OF COMPANY

Lenawee Stamping Corporation (LSC), incorporated in Michigan in 1987, produces metal stamping and welded fabrications for automobile bodies and substructures. LSC's major customers include Auto Alliance International, located in Flat Rock, Michigan, and Navistar, with operations in Ohio, Indiana, and Ontario.

On March 6, 2006, BVR, LLC acquired LSC from Mazda Corp. The stockholders of BVR, LLC are Bing Investments and VRL, Inc. VRL, Inc. is a wholly-owned subsidiary of Van- Rob Inc., a Canadian corporation located in Aurora, Ontario.

Lenawee Stamping Corporation currently has 382 employees in Michigan.

PROJECT DESCRIPTION

The project under consideration will bring two new GM programs to the Tecumseh facility that may otherwise be sourced to Waverly, Ohio or Aurora, Ontario. The new programs will include GM Alpha and Delta Cross-Car beams running through 2018. Production will take place at Lenawee Stamping's existing facility in Tecumseh and will require a large investment in new machinery and equipment.

The company plans to invest approximately \$2.5 million and create 78 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$547. 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 136 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$1,300,678 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Alternatively, the project could be placed in existing Van-Rob plants located in Canada or an existing facility located in Waverly, Ohio. LSC's main competitive disadvantage is its current cost of labor. The other sites under consideration have approximately a \$2.25 per hour labor cost advantage. In addition, the amount of personal property tax paid in Michigan is also greater than the other sites being considered.

### **OTHER STATE AND LOCAL ASSISTANCE**

The City of Tecumseh is supportive of this project and anticipates the approval of a 12-year PA 198 tax abatement. The estimated value of this abatement is \$241,381.

In further support of this project, the Michigan Department of Transportation is currently working with Lenawee Stamping on a Transportation Economic Development Fund request for safety improvements to M-50 in Tecumseh Township.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent standard employment tax credit for 4 years for up to 78 net new employees in excess of the company's established base of 382.