



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER ASSISTANCE  
517 373 9808

WWW.MICHIGAN.ORG

DATE: March 5, 2002  
TO: Michigan Economic Growth Authority  
FROM: Harry Whalen, Vice President *Hew*  
Global Business Development  
SUBJECT: Briefing Memo – Plastech

EXECUTIVE COMMITTEE  
GOVERNOR JOHN ENGLER  
General Chair

DAVID A. BRANDON  
Chair  
Domino's Pizza L.L.C.

MATTHEW P. CULLEN  
Vice Chair  
General Motors

FACUNDO BRAVO  
Uni Boring Co., Inc.

JOHN W. BROWN  
Stryker Corporation

JOANN CRARY  
Saginaw Future Inc.

C. BETH DUNCOMBE  
Detroit Economic  
Growth Corporation

HAYDEN H. HARRIS  
EDF Ventures

DEWITT J. HENRY  
Wayne County

PAUL HILLEGONDS  
Detroit Renaissance

MICHAEL J. JANDERNOA  
Perrigo Company

BIRGIT M. KLOHS  
The Right Place Program

DAVID L. PORTEOUS  
Porteous Law Office, P.C.

PHILIP H. POWER  
HomeTown Communications  
Network

DR. IRVIN D. REID  
Wayne State University

S. MARTIN TAYLOR  
DTE Energy Company

PETER S. WALTERS  
Guardian Industries  
Corporation

COMPANY NAME AND ADDRESS:

Plastech  
22000 Garrison  
Dearborn, Michigan 48124

HISTORY OF COMPANY:

Plastech is a new wholly owned subsidiary of Plastech Exterior Systems, Inc. a wholly owned subsidiary of Plastech Engineered Products. Plastech Engineered Products was started in 1997 and now has gross revenues of approximately \$340 million and 2,700 employees, approximately 1,100 of those in Michigan.

PROJECT DESCRIPTION:

To meet increased demands, the company needs to construct a new 300,000 square foot facility for the manufacture of injection molded and blow molded automotive parts. The facility would employ up to 400 new workers by the end of 2005, at average weekly wages of \$480. In addition, workers would receive benefits worth an average 15 percent of wages. The company would invest \$37 million, which includes the building (estimated at \$13.5 million) and machinery and equipment of \$24 million.

Construction of the facility would begin in April 2002 and be completed in December 2002. Production at the facility would begin in December with 250 workers. By the end of 2003 the company anticipates having 340 workers.

PRESIDENT & CEO  
DOUG ROTHWELL

Briefing Memo  
Plastech  
March 5, 2002  
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 555 jobs in the state by the year 2011. Total state government revenues through the year 2011, net of MEGA costs and adjusted for inflation, would be increased by \$15.3 million (2002 dollars) due to the presence of this facility.

**BUT FOR:**

As part of the company decision-making process, Plastech conducted a comprehensive analysis between Romulus, Michigan and Winnsboro, South Carolina where it has another facility. The cost gap between Michigan and South Carolina is in the additional costs of wages and electricity incurred if the facility is located in Michigan. The company estimates that locating this facility in Michigan will increase its operating costs by roughly \$1 million per year.

The company would prefer a Michigan location due to the excellent workers it has been able to recruit for its other facilities in the state and the company's "home" is in Michigan. In order to keep costs down, it is necessary for the company to get some kind of incentive package from Michigan to make a positive business case for putting the project here.

**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide the company with an abatement of the 6-mill State Education Tax for a length of time to match the community's property tax abatement. The value of this abatement is estimated at \$805,212.

The City of Romulus will provide an abatement of 50 percent of real property taxes for 12 years and 50 percent of personal property taxes for 6 years. The estimated value of this local abatement is \$3,415,949.

Briefing Memo  
Plastech  
March 5, 2001  
Page Three

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a MEGA employment credit of 75 percent for ten years for up to 400 net new jobs.