



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: June 17, 2003

TO: Michigan Economic Growth Authority

FROM: James Donaldson, Vice President
Michigan Business Development

SUBJECT: Briefing Memo – Plastech Frenchtown
Standard Credit

COMPANY NAME AND ADDRESS:

Plastech Engineered Products
22000 Garrison
Dearborn, Michigan 48124

HISTORY OF COMPANY:

Plastech Engineered Products is a minority owned business, established in 1988. The company employs 1,382 people at nine facilities in Michigan. These facilities manufacture, paint and assemble injection molded plastic parts primarily for the automotive industry. Since 1997, the company has added facilities in South Carolina, Ohio, Kentucky and Romulus, Michigan.

PROJECT DESCRIPTION:

Plastech proposes to build a new manufacturing complex in Frenchtown Township, built in three phases. The first phase will be a 252,000 square foot blow molding facility. This facility will be expanded by 75,000 square feet within two years, and a second 375,000 square foot facility for injection molded products will be added within three years. The total capital investment for this project is approximately \$110 million. The company is also considering a site in Kentucky, where they recently opened a plant.

If Plastech selects Michigan, the project is expected to result in the creation of approximately 900 jobs over the first five years with an average weekly wage of \$511.

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BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, we estimate that this facility will generate a total of 1,898 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs and adjusted for inflation, would be increased by \$61.9 million (2002 dollars) due to the presence of this facility.

BUT FOR:

As part of the company's decision-making process, Plastech compared the costs of the project in Frenchtown and at a site in Kentucky. The company faces higher labor and utilities costs in Michigan. This differential is estimated to be approximately \$6 million per year once the project is fully staffed.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan has offered assistance for the acquisition of equipment for training and production. A \$500,000 Community Development Block Grant (CDBG) has been provided to meet these needs.

The Charter Township of Frenchtown approved a 50 percent abatement of the company's new real and personal property taxes for twelve years at their June 10, 2003 meeting. This tax abatement has an estimated value of \$8,202,177.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 13 years for up to 900 net new employees.