



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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MEMORANDUM

DATE: May 18, 2004

TO: Michigan Economic Growth Authority

FROM: Jim Donaldson, Vice President
Business Development

SUBJECT: Briefing Memo – RLP Technologies, Inc.
High-Technology Credit

COMPANY NAME AND ADDRESS:

RLP Technologies, Inc.
26955 Northwestern Highway
Southfield, Michigan 48034

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HISTORY OF COMPANY:

RLP Technologies, Inc. is a newly formed, wholly-owned subsidiary of R.L. Polk & Co. The company was created to provide research and development support to R.L. Polk. R.L. Polk was founded in Detroit over 133 years ago and is a premier provider of automotive information solution services to corporations worldwide. R.L. Polk has over 1,400 people worldwide, including 488 at their headquarters in Southfield. RLP Technologies currently has no employees.

PROJECT DESCRIPTION:

RLP Technologies was created to provide research and development support to R.L. Polk. The company will initially focus on the development of a new data handling and compilation system for R.L. Polk. This will include the development of new software, processes and tools to provide increased speed, flexibility and quality of Polk products. The project will lead to the creation of 50 jobs in the first year of the project and a total of 150 jobs over five years. The positions are well compensated, with an average weekly wage of \$1,270.

For this project, the company plans to lease an existing building in Farmington Hills. Total capital investment for the project would be approximately \$4.85 million, including \$2.25 million for capitalized lease costs and leasehold improvements, and \$2.6 million for new furniture, fixtures and computers.

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BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 142 jobs in the state by the year 2012. Total state government revenues through the year 2012, net of MEGA costs and adjusted for inflation, would be increased by \$3.9 million (2004 dollars) due to the presence of this facility.

BUSINESS CASE:

In addition to Farmington Hills, RLP Technologies is also considering Durham, North Carolina for this research and development project. When comparing the costs of operations between Michigan and North Carolina, the company found that wage rates would be lower in North Carolina. The company estimates that they would save nearly 10 percent in wage and benefit costs if this project located in North Carolina. The wage and benefit differential could amount to nearly \$1 million annually once the project is fully staffed. In addition, the company feels there will be additional savings due to lower property taxes in North Carolina.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Farmington Hills has proposed 50 percent abatement of the RLP Technologies' new personal property for two-years. The estimated value of the local property tax abatement is \$27,900. The abatement is expected to be finalized in May 24, 2004.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 75 percent employment tax credit for eight years, for up to 150 net new employees.