

MEMORANDUM

DATE: October 14, 2008

TO: Michigan Economic Growth Authority

FROM: Val Hoag, Director
Portfolio Management & Packaging

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Portfolio Management & Packaging

SUBJECT: Briefing Memo – Reino Linen Service, Inc.
Standard MEGA Credit

COMPANY NAME:

Reino Linen Service, Inc.
119 S. Main Street
Gibsonburg, Ohio 43431

HISTORY OF COMPANY:

Reino Linen Service, Inc. began as a dry cleaning service in 1943 in Gibsonburg, Ohio, and is still located in that community. The company has evolved over the years and now provides complete laundry services to over 20 hospitals and 100 clinics and doctors' offices. These services include customer owned goods and a complete linen rental program.

Healthcare linen processing is a special niche and requires compliance with multiple government regulations, and industry standards. Reino Linen Service is accredited by the Healthcare Laundry Accreditation Council.

Reino Linen Service currently has no employees in Michigan.

PROJECT DESCRIPTION:

The company is considering opening a new plant in an existing facility in Brownstown Township in Wayne County. The proposed project will create 315 jobs over the next five years, and will pay an average weekly wage of \$452. The company will also offer healthcare benefits and pay a portion of the benefit costs.

The company will make a total capital investment of \$11.57 million for this project.

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 XX jobs in the state by the year 20XX. Total state government revenues through the year 20XX, net of MEGA costs and adjusted for inflation, would be increased by \$XX million (2008 dollars) due to the presence of this expansion.

BUSINESS CASE:

The major competing site for this expansion was the Toledo, Ohio area. As an Ohio based company it was very appealing to the company to keep all of their operations in Ohio. Also, the wages in the Detroit area are higher than they are in the Toledo area.

OTHER STATE AND LOCAL ASSISTANCE:

Brownstown Township plans to support this project with reduced water rates for the company. This project is not eligible for a tax abatement under PA 198.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 50 percent standard employment tax credit for five years, for up to 315 new jobs.