

# MEMORANDUM

**Date:** September 14, 2010

**To:** Michigan Economic Growth Authority

**From:** Greg West, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Romeo RIM, Inc.  
Standard MEGA Credit

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## COMPANY NAME

Romeo RIM, Inc.  
74000 Van Dyke Avenue  
Romeo, Michigan 48065

## HISTORY OF COMPANY

Romeo RIM, Inc., founded by Firestone Rubber in 1954, was purchased by its current owner, Richard Hamlin, in 1984. The company currently has its headquarters in Romeo, Michigan. Romeo RIM is a manufacturer of urethane based plastic parts used in many industries, including transit buses, agriculture, and heavy duty truck. Urethane plastic parts provide greater overall impact resistance and strength than most injection molded plastic parts.

The company currently has 164 employees in Michigan.

## PROJECT DESCRIPTION

For the project, Romeo RIM will be expanding the footprint of its current facility in Romeo, Township of Bruce, to accommodate machinery and equipment associated with a new contract the company was awarded. The contract involves new technology the company has developed called high gloss in-mold painted LFI. This new composite material provides customers increased value in both material properties and overall cost. Romeo RIM will be building a 20,400 square foot addition to house the new equipment. This new piece of equipment is an 83 foot wide, 100 foot long and 32 foot tall fully automated system. When installed, it will be the largest piece of LFI processing equipment in the world.

The company plans to invest approximately \$7.6 million and create 67 jobs over the next five years, with all 67 of the jobs projected to be created in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$732. 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 166 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, would be increased by \$2,990,479 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Alternatively, Romeo RIM is considering locating this project at its currently shuttered DeWitt, Iowa facility. The company has stated that wages and compensation for new employees in DeWitt would be 15% lower than wages and compensation for the same employees in Michigan. In addition, overall shipping costs would be less if the project were to locate in Iowa, as the majority of the customers related to this new technology are located in Illinois, Iowa and Wisconsin.

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

The Township of Bruce is supportive of the project and anticipates the approval of a 12 year PA 198. The value of this abatement is unknown at this time.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 5 years for up to 67 net new employees in excess of the company's established base of 164.