



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: October 17, 2006

TO: Michigan Economic Growth Authority

FROM: James Donaldson, Vice President
Michigan Business Development 

SUBJECT: Briefing Memo – Ryder Integrated Logistics, Inc.
Standard Credit

COMPANY NAME AND ADDRESS:

Ryder Integrated Logistics, Inc.
11690 N.W. 105 Street
Miami, Florida 33178-1103

HISTORY OF COMPANY:

Ryder System, Inc. is a Fortune 500 provider of leading-edge transportation, logistics and supply chain management solutions worldwide. Ryder serves customer needs throughout North America, Latin America, Europe and Asia. For more than seven decades, Ryder has earned high marks for serving customers in a timely, cost-effective and reliable manner. Ryder's stock (NYSE:R) is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index.

The company's Ryder Integrated Logistics division provides contract based supply chain management services to automotive OEMs and Tier-1 suppliers, including planning of inbound and outbound logistics networks, procurement of freight, and execution of transportation. Ryder Integrated Logistics currently employs over 1,300 individuals in Michigan.

PROJECT DESCRIPTION:

The company is considering a consolidation of operations currently located in Ann Arbor and Farmington Hills into a new facility to be constructed specifically for their use in the City of Novi. The company is growing, and expects to add up to 400 new jobs as a result of the project over the next five years. These new positions will pay an average starting weekly wage of \$960.

The company anticipates total capital investment in the facility in excess of \$20 million.

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BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 777 jobs in the state by the year 2013. We also estimate that the project would increase total state government revenues through the year 2013, net of MEGA cost and adjusted for inflation, of \$4 million (2006 dollars) due to the location of this facility.

BUT FOR:

The company has considered several scenarios, including relocating some operations to Dallas, Texas and outsourcing others to India or China. There are major relocation and start up costs under this scenario, but the company could realize savings of up to \$5 million per year after the transition period.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Novi has approved up to \$481,000 of city road funds to pay for public infrastructure improvements required for the project.

The Oakland County Workforce Development Division has committed up to \$150,000 in federal funds to provide workforce recruitment and development services in support of this expansion.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 400 net new jobs.