



MEMORANDUM

DATE: June 12, 2002
TO: Michigan Economic Growth Authority
FROM: Jim Donaldson, Vice President Michigan Business Development
SUBJECT: Briefing Memo - Textron Automotive Interiors, Inc.

COMPANY NAME AND ADDRESS:

Textron Automotive Interiors, Inc.
2100 Dove Street
Port Huron, Michigan 48060

HISTORY OF COMPANY:


Textron Automotive Interiors is owned by Collins & Aikman, which purchased all of Textron Automotive Company's Trim division in December 2001. The purchase included Textron's Port Huron facility, which manufactures plastic interior trim components for the automotive market. Current products include door panels, rear bolsters and cab back panels for Chrysler cars and trucks. The facility in Port Huron was constructed in 1991. Collins & Aikman is a global leader in cockpit modules and automotive floor and acoustic systems and a leading supplier of instrument panels, automotive fabric, plastic-based trim, and convertible top systems. Currently, Collins & Aikman has 4,942 employees in Michigan at over 20 facilities.

PROJECT DESCRIPTION:

This project will provide the necessary facility and equipment required to manufacture the door panels for a newly awarded General Motors program and the replacement business for the DaimlerChrysler large car models. Both programs are scheduled to launch in 2004. The company proposes to lease an additional 30,000 square foot building that will be newly constructed. The expansion is expected to generate an additional 187 new jobs that will pay an average weekly wage of \$562.

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Total capital investment for the project would be approximately \$24.5 million, including \$7.2 million for capitalized lease costs and leasehold improvements and \$17.3 million for new machinery and equipment. The alternative location being proposed is in Ontario, Canada.

Building construction would begin in late June with completion expected in October 2002. The bulk of the machinery and equipment will be added in 2003. Full operations of the facility are expected in July 2004.

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 417 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$19.8 million (2002 dollars) due to the presence of this facility.

BUT FOR:

As part of the company decision-making process, Textron Automotive Interiors compared the costs of the project in Port Huron and Ontario, Canada, where Collins & Aikman has a number of facilities. The major cost gaps being faced by the company include labor costs and electrical costs. The company estimates that labor costs will be nearly \$500,000 per year higher in Port Huron. In addition electrical costs are expected to be 20% higher in Port Huron compared to Ontario.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$300 for the 187 new employees and \$300 for 300 existing employees, totaling up to \$146,100. The company will also be eligible, based on the private investment numbers it provided, for an Investment Tax Credit worth up to \$60,400. In addition, the state of Michigan will provide 50 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. This abatement is estimated to be worth \$297,200.



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The City of Port Huron will provide a 50 percent abatement of the company's new real and personal property for twelve years. The estimated value of the local abatement is \$2,440,100. The City of Port Huron approved the tax abatement on May 28.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for twelve years, for up to 187 net new employees.