



## MEMORANDUM

**Date:** February 15, 2011

**To:** Michigan Economic Growth Authority

**From:** Robert Wilson, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Unistrut International Corporation  
Standard MEGA Credit

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### COMPANY NAME

Unistrut International Corporation  
4205 Elizabeth Street  
Wayne, Michigan 48184

### HISTORY OF COMPANY

The Unistrut International facility in Wayne, Michigan is a manufacturer and a warehouse-distribution facility. "Unistrut" is the original designer of metal framing. Unistrut has been manufacturing on their current site since 1924, beginning as a small manufacturer of a support product used to construct telephone switching frames, and growing into a universal structural support system used in construction all over the world.

Tyco purchased Unistrut from their private owners in 1995. Tyco is a conglomerate known for purchasing companies holding leadership positions in their industry that produce high quality, branded products that offer synergies with existing products provided by Tyco. In 2011 Clayton Dubilier & Rice took a 51% ownership stake in the electrical products division of Tyco, which includes Unistrut International.

The company currently has 118 employees in Michigan.

### PROJECT DESCRIPTION

Unistrut will relocate two existing manufacturing operations from various parts of the country into the Wayne (Wayne County), Michigan facility. Barbed tape (razor wire) manufacturing operation currently located in Hebron, Ohio and Unistrut rolling operations currently in Phoenix, Arizona and Harvey, Illinois will be relocated to the Wayne location. Barbed Tape is a security product used in prisons, high security fencing projects and by the military. Rolling and fabrication operations will produce a product that provides structural solutions for the support of electrical distribution devices, HVAC equipment, refrigeration, plumbing and most any application where structural support or anchorage is required.

Unistrut products are used extensively in Nuclear Power Plants, large manufacturing and assembly plants and in small retail and commercial facilities. Wayne was once a site where roll-formed products were produced, however those operations were discontinued in 2001-2002.

The company plans to invest approximately \$4,525,000 and create 86 jobs over the next five years, with 75 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$653. 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 158 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$2,082,737 (current dollars) due to the presence of this facility.

#### **BUSINESS CASE**

Unistrut evaluated the proposed investment relative to sites in Hebron, Ohio and Phoenix, Arizona where they identified a cost gap including higher wages, health care costs, and electricity costs in Michigan. The MEGA tax credit will help in part to offset the disadvantages associated with a Wayne, Michigan location.

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

The City of Wayne is supportive of this project and anticipates approval of tax abatement under PA 198 of 1974. The estimated value of this incentive is not known at this time.

#### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent standard employment tax credit for 5 years for up to 86 net new employees in excess of the company's established base of 118.