

**Wausauke Composites, Inc.**  
**Summary Estimates**  
 (All monetary estimates in current dollars)

<b>TOTAL JOBS CREATED (as of 2015)</b>	361
Direct	156
Spin-off (includes Indirect Jobs)	205
 <b>NET POSITIVE STATE REVENUE IMPACT</b>	 \$5,226,091
Revenue foregone	\$783,909
Revenue gain	\$6,010,000
Personal income generated over life of MEGA agreement	\$78,064,000
Statewide employment multiplier (average, 2012–15)	2.24
Average Weekly Wage of Direct Jobs (as reported by the company at time of application)	\$500

**Wausaukee Composites, Inc.**  
**Fiscal Effects on Michigan - Net Benefits with the Incentive Package**  
Thousands of Current Dollars

Year	Gross State Revenue	MEGA Costs	Net State Revenue
2005	0	0	0
2006	0	0	0
2007	0	0	0
2008	0	0	0
2009	0	0	0
2010	164	0	164
2011	491	79	412
2012	1,121	174	947
2013	1,278	175	1,103
2014	1,414	177	1,237
2015	1,542	179	1,363
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022	0	0	0
2023	0	0	0
2024	0	0	0
2025	0	0	0
2026	0	0	0
2027	0	0	0
2028	0	0	0
2029	0	0	0
2030	0	0	0
	6,010	784	5,226

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**Wausauke Composites, Inc.**  
**Economic and Fiscal Effects on Michigan - Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2010	2011	2012	2013	2014	2015	Total
Total Employment	53	159	335	347	355	361	
Manufacturing	27	83	174	172	171	171	
Non-Manufacturing	26	76	161	175	184	190	
Retail Trade	4	10	21	23	24	24	
Services	14	38	83	87	90	93	
Other	8	28	57	65	70	73	
In Current Dollars (Thousands):							
Personal Income	\$2,136	\$6,378	\$14,560	\$16,600	\$18,370	\$20,020	\$78,064
Gross State Revenue	164	491	1,121	1,278	1,414	1,542	6,010
Mega Cost	0	79	174	175	177	179	784
State Revenue Net of MEGA Cost*	\$164	\$412	\$947	\$1,103	\$1,237	\$1,363	\$5,226

\* These estimates do not include any state government revenue losses due to the Investment Tax Credit, the Renaissance Zone Credit or the property tax abatement.

# MEMORANDUM

**Date:** 8/17/2010  
**To:** Michigan Economic Growth Authority  
**From:** Greg West, Project Specialist  
Packaging Team  
**Subject:** Briefing Memo – Wausaukee Composites – Owosso, Inc.  
Rural (Look-back) MEGA Credit

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## COMPANY NAME

Wausaukee Composites – Owosso, Inc.  
401 S Delaney Road  
Owosso, Michigan 48867

## HISTORY OF COMPANY

Wausaukee Composites, Inc. has been producing fiberglass products since 1966. The company is a leading manufacturer of engineered composite components for OEM customers in a number of various industries, including construction and agricultural equipment, mass transportation and wind energy. The company provides composite plastic and fiberglass components to more than 35 OEM customers globally. Wausaukee Composites acquired Nero Plastics, Inc. of Owosso, Michigan on November 30, 2007, with Nero Plastics being renamed Wausaukee Composites - Owosso, Inc. on July 30, 2008. Wausaukee Composites - Owosso, Inc. is a wholly owned subsidiary of Wausaukee Composites, Inc.

The company currently has 132 employees in Michigan.

## PROJECT DESCRIPTION

For the project, Wausaukee Composites will be renovating and expanding the capacity of an existing facility and purchasing and renovating a currently leased facility, both in Owosso Charter Township. The components the company has traditionally supplied were “ready to paint”; however a shift in customer demand now requires the company to be able to ship pre-painted components. In order to meet this requirement, Wausaukee Composites will need to install a Class -A paint system. By the third year of the project’s operations, the company anticipates the purchase and renovation of an adjacent building, currently being leased by the company, to accommodate the volume of the new business expected. At that time, there would be additional renovations related to the project made.

The company plans to invest approximately \$1.9 million and create 156 jobs over the next five years, with 74 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$500. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost. As the project is located within Shiawassee County, population of less than 90,000, the company is able to qualify for a Rural MEGA.

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 361 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$5,226,091 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Wausaukee Composites has indicated that locating their expansion in Michigan presents several disadvantages when compared to locating this project in Wisconsin. The Wisconsin facilities being considered are located closer to the corporate headquarters, where the majority of the company's engineering, quality management, and technical manufacturing professional staff reside. This places Michigan at a disadvantage as the complexities of this Class-A paint project will require substantial technical support in the start-up, and operating phases. In addition, the State of Wisconsin has offered an economic incentive package in support of the project that consists of a forgivable loan, workforce recruitment, job training and workforce development assistance.

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

Owosso Charter Township is supportive of the project and anticipates the approval of a 12-year PA 198 tax abatement. The estimated value of this abatement is \$40,000.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends an 85 percent rural employment tax credit for 5 years for up to 156 net new employees in excess of the company's established base of 132.

A look-back period will be established as of June 4, 2010 or 90 days prior to the execution of the Credit Agreement, whichever is shorter. Employees hired after the establishment of the look-back period will count as qualified new jobs provided that they meet all the requirements outlined in the MEGA Credit Agreement.

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