



John Engler, Governor

Doug Rothwell, Chief Executive Officer

## MEMORANDUM

**DATE:** March 4, 1998  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Acting Director, Michigan Business Development  
**SUBJECT:** Briefing Memo - Wollin Products, Inc.

### COMPANY NAME:

Wollin Products, Inc.  
4295 North Roosevelt Road  
Stevensville, Michigan 49127

### HISTORY OF COMPANY:

Wollin Products, Inc., is a custom injection molder of plastic components with customers in a number of industries, the primary ones being automotive and appliances. Wollin Products, Inc., was started in 1957 in Stevensville, Michigan. As the company grew it opened two additional plants in Stevensville and today the three plants in Stevensville have a total of 463 employees. In 1986 Wollin built a new plant in Clyde, Ohio and started with 45,000 square feet and thirty employees. Due to growth and expansion, the company now has 441 employees in Ohio and the building now has a total of 240,000 square feet.

Capacity and employment constraints in the company's existing plants in Michigan and Ohio have necessitated an additional plant. The work performed in this new plant will be similar to that performed in the existing facilities but will require larger, more state-of-the-art injection molding machines and auxiliary equipment.

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### **PROJECT DESCRIPTION:**

Wollin Products, Inc., is considering Charlotte, Michigan or Angola, Indiana for the construction of a 100,000 square foot manufacturing facility to be situated on approximately 12 acres of land. In addition, the company will acquire ten new molding machines plus related auxiliary equipment in the first year and, by the end of the third year, will have twenty new molding machines plus equipment.

Total investment is estimated at \$13.8 million and job creation will total 150 within three years. Choosing the Charlotte, Michigan site will also retain the 463 current jobs at the company's Stevensville facility. The average weekly wage is estimated at \$388. Annual payroll at the new facility will be approximately \$3.8 million at full production. The company has an employee benefit plan that averages approximately 25 percent of payroll.

### **BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 252 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, net of property tax abatement costs, and adjusted for inflation, would be increased by \$11,423,000 (1998 dollars) due to the presence of the Wollin Products facility.

### **COST ANALYSIS:**

As part of the company's decision process, it has undertaken a comprehensive cost analysis between Angola, Indiana and Charlotte, Michigan. Based on figures obtained from the company, the annual cost disadvantage for Wollin Products, Inc., to establish its manufacturing facility in Charlotte, Michigan, rather than Angola, Indiana, ranges from approximately \$175,000 to \$240,000 over the term of the incentive. The cost differential is primarily attributable to workers' compensation, electrical costs and taxes. Michigan Jobs Commission staff has examined these numbers and believes they are a fair representation of the cost differential between Michigan and Indiana.

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**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide Wollin Products, Inc., with a 100 percent abatement of the six mill State Education Tax for a period of time to match the local property tax abatement. This tax abatement is estimated to be worth \$312,000 over the term of the incentive. Economic Development Job Training funds will also be offered to the company at \$200 per job for up to 150 net new employees for a total of \$30,000. In addition, the State of Michigan will be providing the local community a Community Development Block Grant worth up to \$495,000 to provide infrastructure improvements to the company.

The City of Charlotte will rebate up to one-half of the cost of the land back to Wollin Products, Inc., to help defray the cost of landscaping and other site improvements. The estimated value is \$60,000. In addition, Wollin Products, Inc., will be applying for a 50 percent property tax abatement from Charlotte. The value of the abated taxes for the maximum of twelve years, would be approximately \$1,500,000.

**BUT FOR:**

The company has examined the cost differential between locating in Angola, Indiana and Charlotte, Michigan and also the factors that could influence it to locate in Michigan despite a cost disadvantage. The company would not consider locating in Michigan without the MEGA tax credit to offset workers' compensation, taxes and electrical costs. The ability to offer MEGA to the company will allow Michigan to create 150 direct jobs, in addition to being in a position for future expansions.

**RECOMMENDATION:**

The Michigan Jobs Commission recommends a MEGA employment credit of 100 percent for a period of six years, 75 percent for a period of five years and 50 percent for a period of nine years for up to 150 net new jobs, and a business activity credit of 100 percent for a period of five years.