

**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

**DATE:** August 15, 2006  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Michigan Business Development  
**SUBJECT:** Briefing Memo – Martinrea Industries, Inc.  
Standard Credit

**COMPANY NAME AND ADDRESS:**

Martinrea Industries, Inc.  
2319 Bishop Circle East  
Dexter, Michigan 48130

**HISTORY OF COMPANY:**

Martinrea International Inc. is a Tier one automotive supplier, developing and manufacturing state of the art metal forming and fluid management systems for the automotive and industrial sectors. The company currently employs over 3,000 individuals in facilities across North America.

Martinrea's focus on the customer and the employee has translated directly into growth. Between 2004 and 2005 revenues grew 15%. In recent years Martinrea has developed a track record as a white knight, acquiring Chapter 11 and other defunct auto parts companies, restructuring their operations and returning them to profitability, saving jobs in communities across the continent.

The company currently has 341 full time Michigan employees at its facilities in Clare, Dexter, Lincoln Park, Reed City, and Troy.

**PROJECT DESCRIPTION:**

Martinrea currently operates fuel and brake line assembly facilities in multiple locations, including Dexter Michigan. The company is considering a restructuring of these operations into one location.

If the company consolidates into the Manchester site, the company would invest approximately \$8.3 million to refurbish and equip the facility. Additionally, over \$6.1 million of company owned equipment will be transferred to the new facility from existing operations in Ontario. The company anticipates the creation of up to 197 new jobs, paying an average weekly wage of \$626.



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**BENEFIT TO STATE:**

According to the economic analysis done by MEDC staff utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 429 jobs in the state by the year 2017. We also estimate that the project would increase total state government revenues through the year 2017, net of MEGA cost and adjusted for inflation, of \$18.2 million (2006 dollars) due to the location of this facility.

**BUT FOR:**

The company has considered several different restructuring plans, which have involved the consolidation of operations into an existing facility or consolidating and relocating operations to an entirely new location. These strategies are being examined to help address the mismatch of capacity and utilization at Martinrea's network of facilities. The company has considered locations in the Greater Toronto area, Greenville/Spartanburg, SC; greater Nashville, TN; and Northern Mexico. Lower taxes and labor costs could save the company up to \$2.5 million per year once the expansion is fully staffed.

**OTHER STATE AND LOCAL ASSISTANCE:**

The MEDC has offered up to \$100,000 of training assistance through the Economic Development Job Training program for up to \$500 per employee for up to 200 new or existing employees.

The Village of Manchester will vote on a proposed a 12-year PA 198 property tax abatement for all new real and personal property related to this project at their August 17 village meeting. The estimated value of the PA 198 abatement is \$983,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 11 years, for up to 197 net new jobs.