



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: April 19, 2005  
TO: Michigan Economic Growth Authority  
FROM: James Donaldson, Vice President  
Michigan Business Development  
SUBJECT: Briefing Memo – American Communications Network, Inc  
Standard Credit

COMPANY NAME AND ADDRESS:

American Communications Network, Inc.  
32991 Hamilton Court  
Farmington Hills, Michigan 48334

HISTORY OF COMPANY:

American Communications Network (ACN) launched operations in 1993 and is now a leader in the global communication industry. The company markets and provides telecommunications products including local and long distance telephone, internet-DSL, VOIP and wireless services. ACN provides services in 18 countries including Canada, the United Kingdom, France, Germany, Italy, and Australia. The company is headquartered in Farmington Hills and currently has 477 employees in Michigan.

PROJECT DESCRIPTION:

ACN is considering a new location for their headquarters due to the company outgrowing their current facility in Farmington Hills. The company would purchase an existing building or lease space in an existing building in Farmington Hills. The company has not finalized their building search which is focused strictly in Farmington Hills, but they need to finalize their decision to remain in Michigan. Once a suitable facility is located, the company would create 78 new jobs in the first year of the project and a total of 575 jobs over five years. The new positions would start at an average weekly wage of \$649.

The project would require a new capital investment of \$5.0 million for new office furniture and computers and up to an additional \$27.0 million for building purchase or capitalized lease costs in Farmington Hills.

The company would not be able to collect on any tax credits until they purchased or leased a facility in Farmington Hills.

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American Communications Network, Inc.  
Briefing Memo  
April 19, 2005  
Page Two

**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation, utilizing Regional Economic Models, Inc. software, we estimate that this facility will create a total of 848 jobs in the state by the year 2017. We also estimate that the project would create total state government revenues through the year 2017, net of MEGA cost and adjusted for inflation, of \$18.4 million (2005 dollars) due to the location of this facility.

**BUT FOR:**

In addition to Farmington Hills, ACN also considered Charlotte, North Carolina for their new headquarter operations. The company has several top executives who reside in North Carolina along with some of the marketing functions. A location in Charlotte would allow the company to have lower annual operating costs due to lower salary and wages in North Carolina. A quantitative comparison of the wage differential indicates ACN could save over \$2 million annually on salaries of new employees once the facility is fully operational.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Farmington Hills Economic Development Corporation approved a \$16,100 training grant in support of this project on December 15, 2004. The grant will provide software training for new ACN employees in Farmington Hills.

The City of Farmington Hills will also waive building permit fees related to this project. The estimated value of the fee waiver is \$12,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 575 net new employees.