



## MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

# MEMORANDUM

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Date: July 21, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager  
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Subject: Briefing Memo – AVL Powertrain Engineering, Inc  
High-Technology MEGA Credit

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### COMPANY NAME

AVL Powertrain Engineering, Inc  
47519 Halyard Drive  
Plymouth, MI 48170-2438

### HISTORY OF COMPANY

AVL Powertrain Engineering, Inc is the North American operation of AVL, a 60 year-old powertrain consulting company based in Austria. AVL conducts research and development on engines and powertrains, and integrates that engineering into the end-user's applications. AVL's North American operations were established in 1994 and are based in southeast Michigan.

AVL Powertrain Engineering, Inc currently has 377 employees in Michigan.

### PROJECT DESCRIPTION

AVL plans to create a "hybrid and alternative fuel development center" which will engineer and develop powertrains for electrified vehicles, ranging from mild hybrids (i.e. a conventional powertrain with some electrification) to full electric vehicles, which require new technologies and powertrains. This project requires employees with a background in electrical and mechanical engineering, which is a skill set that current AVL employees do not possess. AVL plans to create their hybrid and alternative fuel development center at their facility in the City of Ann Arbor in Washtenaw County.

AVL Powertrain Engineering, Inc will invest approximately \$2.6 million and create 40 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,250. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

### 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 76 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$916,441 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

AVL has an existing hybrid facility in Lake Forest, California that is near the potential customers of this project. The placement of this facility near their customers could provide some benefits to AVL in the future. In addition, the California location has a labor force with hybrid and vehicle electrification experience. Bringing those employees to Michigan would require an attractive relocation package.

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

The City of Ann Arbor expects to abate AVL Powertrain Engineering, Inc's property taxes through an Industrial Facilities Tax Exemption (P.A. 198 of 1974) within 60 days of MEGA Board approval. In addition, a 6 mill State Education Tax abatement has been offered for the real property investment.

### **QUALIFYING HIGH-TECHNOLOGY ACTIVITY**

The company is a qualified high-technology business, whose primary business activity is Advanced Vehicles Technology, as defined in the Act.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends an 80 percent high-technology employment tax credit for 5 years for up to 40 net new employees in excess of the company's established base of 377.