



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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LANSING, MI 48913

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DATE: December 17, 2002
TO: Michigan Economic Growth Authority
FROM: Kathy Blake, Senior Vice President *KB*
Business Development
SUBJECT: Briefing Memo – Advanced Technology Services
Standard Credit

COMPANY NAME AND ADDRESS:

Advanced Technology Services
8201 North University Street
Peoria, Illinois 61615

HISTORY OF COMPANY:

Advanced Technology Services (ATS) is an industrial and computer technology services company focusing on providing services to manufacturing companies throughout the United States. The company was formed in 1985 as a spin-off operation of Caterpillar, Inc. Today, ATS is a privately owned company employing over 1,000 professionals in over 40 states. ATS is headquartered in Peoria, Illinois and currently employs 18 associates at its sole Michigan office in Livonia.

PROJECT DESCRIPTION:

Advanced Technology Services has an aggressive growth plan and expects sales to triple in the next five to seven years. In order to satisfy that growth, ATS needs to expand their operations in Livonia, Michigan or consolidate and expand operations in Peoria, Illinois. Currently, the company has two regional service centers, located in Peoria and Medina, Ohio, and it is expected the regional center in Medina will be ramped down. If the Michigan location is selected, ATS will lease 30,000 to 40,000 square feet of new space and add 132 new positions over a five-year period, including 75 in the first year of operations. The new positions will pay an average weekly wage of \$518.

Total capital investment for the project would be approximately \$4.6 million, including \$3.9 million for building improvements and lease costs, and \$750,000 for new machinery and equipment.

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BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation, utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 218 jobs in the state by the year 2009. Total state government revenues through the year 2009, net of MEGA costs and adjusted for inflation, would be increased by \$4.1 million (2002 dollars) due to the presence of this facility.

BUT FOR:

As part of the company decision-making process, ATS compared the costs of the project in Livonia and Peoria, Illinois. The cost gaps being faced by the company include a small wage differential, lower leasing costs in Peoria and lower property taxes. The company estimates that wages will create an annual gap of \$250,000 due to 5% higher wages in Livonia. ATS, also is projecting annual lease costs to be around \$100,000 higher in Livonia compared to Peoria. Finally, Illinois has no personal property tax saving ATS around \$15,000 per year.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Livonia will provide ATS with assistance in locating new workers, including hosting a job fair for the company. The value of this commitment is estimated to be \$20,000. In addition, Schoolcraft College has agreed to provide 1/3 tuition scholarships for up to three student internship participants employed by ATS. The value of this commitment is estimated to be \$19,200 over the term of the MEGA.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends an employment tax credit of 100 percent for seven years, for up to 132 net new employees and a business activity credit of 100 percent for two years.