



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: May 19, 2009
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
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Greg West, Project Specialist
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Subject: Briefing Memo – Autovan LLC
Standard MEGA Credit

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COMPANY NAME

Autovan LLC
55 Leonard Wood
Battle Creek, MI 49037

HISTORY OF COMPANY

Autovan LLC was established in 2005 and manufactures lowered floor accessible and specialty vehicles for distribution in the USA and Canadian markets. In 2008 the company had its first full year of production of their rear accessible vehicle. They also completed the engineering and testing on the new side entry accessible vehicle and first and only front entry accessible vehicle. Autovan holds three patents with a 20 year licensing agreement on the front and side entry units allowing manufacturing to increase to over 3,000 accessible vehicles per year. Once the expansion project is located and manufacturing space is added, additional research and development capacity will allow launching of engineering on a hybrid accessible vehicle for personal and commercial use.

Autovan, LLC currently has 23 employees in Michigan.

PROJECT DESCRIPTION

The project will be an expansion of Autovan's current operations in Battle Creek, Calhoun County. The company will begin moving from the research and development stage of their front and side entry accessible vehicles to the manufacturing of these vehicles. They believe that the front and side entry vehicles will revolutionize the mobility industry. Their new front entry conversion platform will finally allow the customer to not lose any seating in the rest of the vehicle, which has never been done before. The project will call for a building expansion and renovation, additional machinery and equipment and the creation of additional parking at the facility.

Autovan, LLC will invest approximately \$2,886,000 and create 140 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$564. The company at this time does not offer healthcare benefits, but is researching options and hopes to offer a complete benefits package soon.

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 469 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$9.5 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Autovan, LLC is also considering two sites in Elkhart, Indiana for this expansion. Locating in either of these locations would put the company closer to their customers and suppliers, reducing transportation costs. In addition, utilities and wages would be lower at these locations than they would be in Michigan.

OTHER STATE AND LOCAL ASSISTANCE

The City of Battle Creek is supportive of this project and anticipates approval of a 12 year PA 198 tax abatement. The estimated value of this incentive is \$118,000.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 60 percent employment tax credit for seven years for up to 140 net new employees in excess of the company's established base of 23, subject to the following:

- Provided that the company creates a minimum of 105 jobs, over the employment base of 23, by the end of the fifth year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.