



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: December 15, 2008
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging
SUBJECT: Briefing Memo – Fisher Coachworks, LLC
High-Technology MEGA Credit

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COMPANY NAME:

Fisher Coachworks, LLC
1150 Stephenson Highway
Troy, Michigan 48083

HISTORY OF COMPANY:

Early in 2008, Fisher Coachworks announced plans to bring a family of innovative lightweight chassis designs to market. The guiding principles for this new venture include a commitment to ultra-weight, high-quality, 100% recyclable chassis materials designed to provide exceptional fuel economy, safety, and service life. The launch platform is an innovative ultra-lightweight urban transit bus, developed over the last 6 years with \$3.5 million in R&D funding (\$2.5 million from the Department of Energy grants). The first prototype is now driving and demonstrating several patented technologies that provide the foundation for a family of ultra-lightweight vehicles including buses, delivery vehicles, and passenger cars. By applying a robust total vehicle optimization engineering methodology, the resultant transit bus design is half the weight and delivers three times the fuel economy of diesel powered vehicles and twice the fuel economy of current hybrids in the market.

This start up company currently has no associates in Michigan.

PROJECT DESCRIPTION:

Fisher Coachworks proposes establishing a facility in Livonia for the production of this ultra-lightweight, high-quality, fuel efficient, mass transit bus. With higher fuel cost driving an increase in the use of public transportation, Federal and State authorities are increasing budgets and expenditures directed towards local transit authorities. In addition, increased interest in "green" awareness has focused attention on tailpipe emission reduction.

The value proposition for the Fisher Bus over its competitors includes; the use of a hybrid engine, increased passenger seating and space, three times the fuel economy over diesel powered vehicles, two times the fuel economy in other hybrid powered vehicles, total decrease in the cost of ownership of 211% over diesel vehicles and 180% over other hybrid vehicles over a 12 year period (based upon first cost, energy, and maintenance), and a lower energy cost per mile.

The project will result in the creation of 539 new jobs over the next five years, paying average weekly wages of \$1,327. The total capital investment associated with this project will be approximately \$7 million, including lease costs and personal property. The company will also offer health care benefits and pay a portion of the benefit costs.

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 1955 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$45 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Alternatively, the company has considered Chattanooga, Tennessee to locate the production facility for this project. Fisher Coachworks has identified several competitive disadvantages with a Michigan location over the Tennessee facility. Tennessee is home to North American Bus Industries and Ebus and as such has a trained labor force and also a dedicated hybrid bus testing facility and track. Additionally, the company identifies labor rates and lease rates as higher in Michigan.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Livonia is supportive of this project and anticipates approval of a Property Tax Abatement (P.A. 198) for a period of up to 12 years. The estimated value of the abatement is not known at this time.

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 a 100 percent 10 year high technology employment tax credit for up to 539 net new employees, in addition to the statewide employment base of 0.