



## MEMORANDUM

**DATE:** September 17, 2001

**TO:** Michigan Economic Growth Authority

**FROM:** Jim Donaldson, Vice President  
Michigan Business Development

**SUBJECT:** High Tech Briefing Memo – Integrated Sensing Systems, Inc.

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### COMPANY NAME AND ADDRESS:

Integrated Sensing Systems, Inc.  
387 Airport Industrial Drive  
Ypsilanti, Michigan 48198

### HISTORY OF COMPANY:

Integrated Sensing Systems, Inc. (ISSYS) was founded in 1995 and is a privately held Micro Electro Mechanical Systems (MEMS) design, development, manufacturing and application company. ISSYS' research and development is focused into three broad categories: Ultra High Sensitivity Vacuum Products; Pressure-Based Medical Products; and Micro-Coriolis Mass Flow Sensor Devices. ISSYS has been recognized for its advanced research and development of medical products having been awarded a \$2 million grant from the National Institute of Standards and Technology- Advanced Technology Program in October 2000. Additionally, ISSYS received a \$2.7 million award from the Michigan Life Science Corridor for its Micro-Coriolis research. Currently, ISSYS is located in Ypsilanti Township, where it has 14 employees.

### PROJECT DESCRIPTION:

ISSYS needs to expand its operations because of the growth in the MEMS field. ISSYS is proposing to lease additional space in Ypsilanti Township, adjacent to the space of its existing operations. The expansion would require an investment of \$5.3 million, including \$1.3 million in capitalized lease costs and building renovations and \$4 million for new machinery and equipment.

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The project would include the addition of 119 new workers, including 10 in the first year of operation. The average weekly wage will be \$919, with a full benefit package. ISSYS would begin to expand into the office space as soon as renovations are completed, around November 2001.

**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 242 jobs in the state by the year 2007. Total state government revenues through the year 2007, net of MEGA costs and adjusted for inflation, would be increased by \$3.7 million (2001 dollars) due to the presence of this facility.

**BUSINESS CASE:**

ISSYS was founded in Michigan and, although it is proud of its location, it does face some obstacles that could be prevented if located on the east or west coast. Specifically, ISSYS faces challenges due to a shortage of high technology personnel in Michigan, the lack of a microelectronics industry, and limited access to capital from venture capital and financial resources.

ISSYS does enjoy access to top notch microelectronic PhDs coming from the University of Michigan, but it faces a critical and expensive labor pool shortage for feeding all other levels of the company's operations. The company also faces major hurdles in dealing with the lack of a microelectronics industry. ISSYS has found there are no major suppliers of semiconductor or MEMS fabrication equipment in Michigan. Accordingly, travel time and lodging are automatically added to the cost of obtaining tool installation, qualification, maintenance or repair.

The ability to offset the additional personnel and infrastructure costs and to assist the company in overcoming financial obstacles will enable ISSYS to have continued success in Michigan.

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**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide the company with a 100 percent abatement of the 6-mill State Education Tax for a length of time to match the local property tax abatement. This abatement is estimated to be worth \$41,500. In addition, the company will also be eligible, based on the private investment numbers it provided, for an Investment Tax Credit worth up to \$25,400.

Ypsilanti Township has proposed a 50 percent abatement of the company's new personal property taxes. The Township has not finalized the abatement, however, assuming a 5-year abatement, the estimated value of the local abatement totals \$163,700.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a six-year MEGA employment credit of 75 percent for up to 119 net new jobs. Also, due to the necessity for the company to hire talented people when they are available, we are recommending the 120-day look-back provision be granted for this project.