



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: February 17, 2009
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Manager
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SUBJECT: Briefing Memo – Patrick Energy Services, P.C.
High-Technology MEGA Credit

COMPANY NAME:

Patrick Energy Services, P.C.
19500 Victor Parkway, Suite 300
Livonia, MI 48152

HISTORY OF COMPANY:

Patrick Energy Services, P.C., with seven offices nationwide, focuses on providing high voltage engineering, program management and construction management services to the electric and gas utility industry. The company has a commitment to sustainable energy, as well as extensive knowledge in planning and designing wind and solar energy power systems, and connecting them to the national electric power grid. Patrick Energy Services has the ability to provide systems integration services as new intelligent electronic devices (IED's) are developed and put into service for Smart Grid applications. These applications improve the efficiency of the national electric grid system.

Patrick Energy Services currently has 55 employees in Michigan.

PROJECT DESCRIPTION:

Patrick Energy Services has the ability to procure and execute engineering design and development work for further expansion of the national electric grid. Two multi-year contracts have already been secured by the company and they forecast the ability to secure more engineering work in the future. As a result, Patrick must hire more electrical engineer-related jobs to meet these growing needs for this work.

The company is proposing to relocate their existing offices in Livonia to a larger facility in the City of Novi to house their growing staff. With more lab space available the company is able to expand their ability to provide systems integration services for their clients.

Total investment for Patrick Energy Services over five years will be approximately \$2.23 million. This project will create 90 new jobs with an average weekly wage of \$1,331. The company will also offer health care benefits and pay a portion of the benefit costs.

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BENEFITS 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 create a total of 185 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, net of MEGA cost, of \$3.2 million (current dollars) due to the creation of these new jobs.

BUSINESS CASE:

Alternatively, Patrick Energy Services could locate to Oklahoma where the company would be closer to major clients. The State of Oklahoma has also offered a number of incentives for the company to locate there as well.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Novi supports this project and has paid the \$5,000 application fee on behalf of the company.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is Electronic Device Technology, as defined by the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent seven-year high technology tax credit for up to 90 net new employees, above the company's established employment base of 55.