



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
517 373-9808

WWW.MICHIGAN.ORG

**MEMORANDUM**

**DATE:** January 20, 2004  
**TO:** Michigan Economic Growth Authority  
**FROM:** Jim Donaldson, Vice President  
Business Development  
**SUBJECT:** Briefing Memo – Sensicore, Inc.  
High-Technology Credit

**EXECUTIVE COMMITTEE**  
MATTHEW P. CULLEN  
Chair  
General Motors

PHILIP H. POWER  
Vice Chair  
HomeTown Communications  
Network

DONALD E. JAKEWAY  
President & CEO

RICHARD E. BLOUSE JR., CCE  
Detroit Regional Chamber

FACUNDO BRAVO  
Uni Boring Co., Inc.

JOHN W. BROWN  
Stryker Corporation

DR. DAVID E. COLE  
Center for  
Automotive Research

JOANN CRARY  
Saginaw Future Inc.

STEVEN K. HAMP  
The Henry Ford

HAYDEN H. HARRIS  
EDF Ventures

PAUL HILLEGONDS  
Detroit Renaissance

DAVID HOLLISTER  
Michigan Department of  
Labor & Economic Growth

GEORGE JACKSON JR.  
Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA  
Bridge Street Capital  
Partners, LLC.

MAYOR ROBERT B. JONES  
City of Kalamazoo

MARGIT M. KLOHS  
The Right Place, Inc.

DR. IRVIN D. REID  
Wayne State University

J. MARTIN TAYLOR  
DTE Energy Company

MARY TORGOW  
Sterling Group

PETER S. WALTERS  
Guardian Industries Corp.

**COMPANY NAME AND ADDRESS:**

Sensicore, Inc.  
745 Phoenix Drive  
Ann Arbor, Michigan 48108

**HISTORY OF COMPANY:**

Sensicore was founded in late 2000 by Ardesta, LLC and a researcher from the University of Michigan. The company is located in Ann Arbor and has developed an innovative lab-on-a-chip multi-sensor device incorporating micro-sensor technology for a wide variety of water and wastewater applications. The application of this product can be used from process control to environmental monitoring. The company currently has 15 employees in Ann Arbor.

**PROJECT DESCRIPTION:**

Sensicore has worked the past three years to develop the lab-on-a-chip technology into a product prototype. The company is now poised to scale-up the manufacturing of the product. The company would expand their operations in Ann Arbor by leasing additional space in the building they currently occupy. The expansion would create 35 new jobs in the first year of the project and up to 156 new jobs over five years. The new positions will pay an average weekly wage of \$995.

Total capital investment for the project would be approximately \$4.7 million, including \$1.9 million for capitalized lease costs and leasehold improvements, and \$2.8 million for new machinery and equipment.

Briefing Memo  
Sensicore, Inc.  
January 20, 2004  
Page Two

**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 338 jobs in the state by the year 2011. Total state government revenues through the year 2011, net of MEGA costs and adjusted for inflation, would be increased by \$8.2 million (2004 dollars) due to the presence of this facility.

**BUSINESS CASE:**

In addition to Ann Arbor, Sensicore is also considering locations in New Jersey, due to a coastal bias of the new investors and the location of the CEO's residence. The company prepared an analysis of the cost differential between Michigan and New Jersey and the company feels they are at a disadvantage in Michigan due to the costs of recruiting workers to Michigan. The company estimates they will have to spend \$370,000 over the next three years for recruiting candidates to Michigan. In addition, the company would have to pay a salary premium to recruit workers to Michigan. This could total as much as \$600,000 per year, once the project is fully staffed. Finally, the company would have lower lease costs in New Jersey due to the greater availability of existing buildings with wet-lab space.

**OTHER STATE AND LOCAL ASSISTANCE:**

The city of Ann Arbor Water Plant has agreed to work with Sensicore to assist the company with market and technology validation testing and information. The support of the water plant will save Sensicore approximately \$14,600 in the first year of the project, and potentially \$73,000 over the next five years.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends an eight-year employment tax credit consisting of 100 percent for the initial four years, 75 percent for the fifth and sixth year, and 50 percent for the final two years, for up to 156 net new employees.