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## MEMORANDUM

**DATE:** December 12, 2000

**TO:** Michigan Economic Growth Authority

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

**SUBJECT:** Briefing Memo -- Sequoia NET.com, Inc.

### COMPANY NAME AND ADDRESS:

Sequoia NET.com, Inc.  
107 S. Squirrel Road  
Auburn Hills, Michigan 48326

### HISTORY OF COMPANY:

Sequoia NET.com, Inc. is a subsidiary of Analysts International Corporation, headquartered in Minneapolis. Sequoia was established in 1991 and has experienced significant growth over the past three years. Sequoia provides computer network infrastructure services and web-based applications development. The company has 560 employees in Auburn Hills and Lansing combined. Analysts, the parent company, has 60 employees in Southfield.

### PROJECT DESCRIPTION:

Sequoia is considering a long-term lease of approximately 40,000 square feet of office space in Auburn Hills to consolidate all its operations and services except its Lansing staff. The company's growth over the next three years will require the hiring of at least 75 computer engineers and applications developers per year. Capital investment includes \$1.5 million in computer and office equipment and a lease cost of approximately \$6.4 million over a seven-year period.

The company will hire up to 225 new people within three years at an average weekly wage of \$1,115. Plans are to move in early 2001 with operations beginning immediately thereafter.

**BENEFIT TO STATE:**

According to the economic analysis done by Michigan Economic Development Corporation staff utilizing the Regional Economic Models, Inc. (REMI) software, we estimate this facility will generate a total of 311 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 \$9,400,000 (2000 dollars) due to the presence of this facility.

**COST ANALYSIS:**

While Sequoia would like to consolidate all of its personnel in Michigan into a single location, its parent, Analysts, would prefer to spread Sequoia's applications development personnel throughout the country at its larger offices. Therefore, the cost analysis was prepared with these two alternatives in mind. Since Analysts already has office space in the cities to which they would reassign Sequoia's staff, a very minimal amount of additional leased space would be required under this scenario. However, a consolidation of all this personnel under a single roof in Michigan would require additional lease costs of approximately \$700,000 per year.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Auburn Hills has agreed to fund road improvements adjacent to the company's proposed site at an estimated cost of \$2 million.

**BUT FOR:**

Sequoia has always been headquartered in Auburn Hills, Michigan and would like to stay and grow there. The company's parent, however, would like to disperse Sequoia's current and growth-related employees into its various locations across the U.S. The MEGA credit is needed in order offset additional costs to be incurred under a consolidation scenario.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends an employment credit of 50 percent for up to 225 net new jobs for seven years.