



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: May 17, 2005  
TO: Michigan Economic Growth Authority  
FROM: Jim Donaldson, Vice President  
Business Development  
SUBJECT: Briefing Memo – Commonwealth Associates, Inc.  
High-Technology MEGA Credit

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COMPANY NAME AND ADDRESS:

Commonwealth Associates, Inc.  
2700 West Argyle Street  
Jackson, Michigan 49404

HISTORY OF COMPANY:

Commonwealth Associates, Inc. is an employee-owned engineering firm that designs energy generation systems and energy system integration products that allows for the connection of new and/or alternative energy systems into the existing U.S. Energy Grid system. Clients include the U.S. Defense Department and the Department of Energy, the Los Alamos National Laboratory, the National Energy Renewal Laboratory, as well as customers in 43 states. Commonwealth is currently headquartered in Jackson, Michigan, where they currently have 98 employees.

PROJECT DESCRIPTION:

Commonwealth is experiencing a growth in market share and the company is considering an expansion. The company is considering adding space at their Jackson office or opening a new regional office in the Atlanta area to better service their customers in the southeast. An expansion in Jackson would lead to the addition of 12,000 square feet to their existing facility. The project would lead to 10 new jobs in the first year of the project and 50 new jobs over five years. The new positions will pay an average starting weekly wage of \$1,000.

Total capital investment for the project would be approximately \$2.8 million, including \$2.6 million for building and site development costs and \$171,000 for new office furniture and computers.



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**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 127 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$3.3 million (2005 dollars) due to the presence of this facility.

**BUSSINESS CASE:**

In addition to Jackson, Commonwealth Associates is also considering a location in the Atlanta area to accommodate their growth. A location in Georgia would allow Commonwealth better access to their customers in the southeast. The company has been offered jobs creation tax credits as well as free rent for a year for a site in the Atlanta area. In addition, the company is indicates they are able to utilize a Georgia workforce program that places military personnel from Fort Stewart and the Hunter Army Airfield into jobs at set placement rates. This program benefits 4,500 skilled workers who are transitioned out of the military annually and provides a significant number of technically trained workers for companies in Georgia. Due to these placements, Commonwealth could save up to \$350,000 annually when the project is fully staffed.

**OTHER STATE AND LOCAL ASSISTANCE:**

Blackman Township approved a 50 percent PA198 property tax abatement for 12 years on all new real and personal property on May 3, 2005. The estimated value of the local property tax abatement is \$223,700.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 50 net new employees.