



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: May 19, 2009
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
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Greg West, Project Specialist
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Subject: Briefing Memo – DornerWorks, Ltd.
High-Technology MEGA Credit

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COMPANY NAME

DornerWorks, Ltd.
3445 Lake Eastbrook Boulevard SE
Grand Rapids, Michigan 49546

HISTORY OF COMPANY

DornerWorks, Ltd. was founded in May of 2000 as a consulting engineering company, assisting high-technology companies with their research and development of new electronic products. As customer demands grew and work load increased, additional consultants were hired. The company shifted focus from placing consulting engineers on-site to engineering projects that are executed and managed at DornerWorks' engineering facility. The engineering services include embedded software development, electronic system architecture, electronic hardware development, FPGA/ASIC custom logic design, requirements definition, and verification and validation for Aerospace, Automotive, and Medical industries.

DornerWorks currently has 46 employees in Michigan.

PROJECT DESCRIPTION

DornerWorks is currently serving customers in the Kent County area and would like to expand its customer base to include national aerospace companies. The company anticipates doubling in size over the next five years as a result of this national aerospace project. DornerWorks has identified a building near their current location in the City of Grand Rapids, Kent County that would allow for the growth needed to support this expansion.

DornerWorks will invest approximately \$1.5 million and create 50 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$923. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

BENEFIT 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 generate a total of 92 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$1.5 million (current dollars) due to the presence of this facility.

BUSINESS CASE

DornerWorks is also considering Richmond, Virginia; Phoenix, Arizona; Cedar Rapids, Iowa; and Salt Lake City, Utah for this expansion project. The company's new customer base has locations in these areas which would bring DornerWorks closer allowing them to better serve their customer's needs. In addition, being in close proximity to their customers would reduce transportation costs. Travel also negatively affects employee turnover.

OTHER STATE AND LOCAL ASSISTANCE

The City of Grand Rapids is supportive of this project and anticipates approval of a twelve-year PA 198 tax abatement within the next 90 days. The value of this incentive is estimated to be \$102,340.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Product Research and Development, as defined in the Act.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years for up to 50 net new employees in excess of the company's established base of 46.