



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2016-0569 V2

TO: Mayor and City Council Members

FROM: Ed Anzek, Director of Planning & Economic Development, ext. 2572

DATE: January 11, 2017

SUBJECT: Request for Industrial Facilities Exemption Certificate for Molex, LLC.

REQUEST:

Molex, LLC is requesting that City Council approve an Industrial Facilities Exemption Certificate (IFT) for real property for a period of twelve (12) years.

BACKGROUND:

City Council adopted a Tax Abatement Policy (the "Policy") in order to support new investment; building expansion or construction; reinvestment of companies in Rochester Hills or those considering relocating to the community. City Council's Policy states that tax abatements are an important retention and attraction tool.

In 2016, Molex, LLC began investigating new locations for an expanding Transportation and Industrial Division. This division is experiencing tremendous growth, particularly in the areas of connected vehicle technology. Ultimately, based on discussions with the City and its economic development partners (MEDC and Oakland County), Molex chose to purchase 3499 W. Hamlin Road. Molex's team has been working with City Administration for a few months to determine feasible plans to expand and renovate the facility and is looking to begin that project in 2017. When complete, this facility will act as Molex's Global Headquarters for its Transportation and Industrial Division. Molex plans to relocate 292 employees from its current Auburn Hills location, along with create 52 new jobs within 2 years. The long term goal for Molex is to create 130 highly skilled, professional jobs within five years.

As reported in the application, Molex, LLC plans significant improvements to the facility including added 15,000 square feet onto the existing building to allow for additional laboratory space. The projected real property investment is \$10,350,000.

Molex, LLC has applied for an IFT under the terms of the City Council's Tax Abatement Policy. An Industrial Development District (IDD) must be established for the consideration and approval of an IFT. Staff has evaluated the application and has concluded that it is consistent with the goals and objectives in the Policy and meets the criteria established by City Council.

Specifically, Molex, LLC's project meets the following policy goals:

1. The investment will increase the economic vitality of the industrial and high technology districts within the City of Rochester Hills.

2. To assist in the rehabilitation of older facilities and/or expansions of existing high-technology facilities
3. The project will enhance the general attractiveness of the community.
4. The applicant is engaged in the field of advanced manufacturing.

Molex, LLC's project also meets the following policy guidelines:

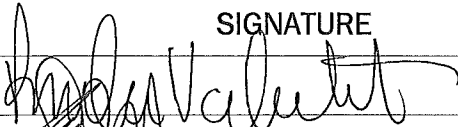
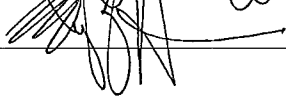
1. The project is in compliance with the Rochester Hills Zoning Ordinance and Master Plan.
2. There are no outstanding taxing issues.
3. Permanent jobs will be created and retained as a result of this project.
4. There is a demonstrated need for financial assistance to encourage Molex to locate its production capabilities in Rochester Hills.
5. The prospects for long-term growth are present, and
6. There is no current pending litigation against the City by the applicant or its agent.

City staff has completed a tax abatement financial analysis to determine the impact of the abatement per Molex's request. It is attached for your review. ***In summary, it indicates that the investment will generate approximately \$2,469,900 combined in real property taxes for all jurisdictions, with the abatement, over the period of 12 years. The City portion of the taxes is \$512,664.*** If the abatement is not approved, some of these taxes may not be realized.

Based on the information presented and using the Tax Exemption Chart (see City Council Tax Abatement Policy), the applicant is eligible for a **12-year abatement**. Representatives of Molex, LLC will make a presentation regarding its request prior to the Public Hearing. John Staran has reviewed the attached Development Agreement and found it to be in order. Staff will secure a signed agreement once City Council has approved the IFT.

RECOMMENDATION:

Approve the request by Molex, LLC per the guidelines of Council's Tax Abatement Policy for an Industrial Facilities Exemption Certificate on real property for a period of 12 years.

APPROVALS:	SIGNATURE	DATE
Department Review		1.13.17
Department Director		1.13.17
Mayor		
Deputy Clerk		