



**City of Rochester Hills  
AGENDA SUMMARY  
NON-FINANCIAL ITEMS**

**1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
248.656.4630  
[www.rochesterhills.org](http://www.rochesterhills.org)**

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**Legislative File No: 2010-0365 V2**

**TO:** Mayor and City Council Members  
**FROM:** Ed Anzek, Planning & Development, ext. 2572  
**DATE:** September 13, 2010  
**SUBJECT:** Establishment of a Plant Rehabilitation District at 1350 W. Hamlin Rd.

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**REQUEST:**

Establish a Plant Rehabilitation District at 1350 W. Hamlin Rd.

**BACKGROUND:**

The City Administration in conjunction with REDICO, the property management company handling the asset at 1350 W. Hamlin Rd., is requesting that City Council establish a Plant Rehabilitation District at the facility. The City Assessor has declared the building functionally obsolete in a memo that is in your packet.

The City has received a request for an industrial facilities exemption certificate for the same property from KOSTAL Kontakt Systeme, Inc. The company proposes to occupy the space for a period of 12 years. The building owner, Lehman Brothers, and KOSTAL plan to invest significant money into the facility to upgrade it to a modern standard. Planned improvements include a replacement roof, demolition of 15,000 square feet of engineering and office space that was built over the plant floor many years ago, complete updating of the remaining office, upgrade of power to the building from 2,500 to 6,000 amps, addition of at least one more docking area, and other improvements.

A Plant Rehabilitation District is different from an Industrial Development District. A Plant Rehabilitation District can only be created when 50% or more of a facility (or facilities) within an established district a functionally obsolete. Within a Plant Rehabilitation District, assessments are frozen at the time of the approval of an industrial facilities exemption certificate for a period of time as established by City Council. Additional investment in the facility during the rehabilitation period is tax exempt.

**RECOMMENDATION:**

Approve the request to establish a Plant Rehabilitation District at 1350 W. Hamlin Road for the following reasons:

1. The establishment of a Plant Rehabilitation District at this location is consistent with the goals of the City Council's Tax Abatement Policy
2. The establishment of a Plant Rehabilitation District at this location will result in the creation of up to 247 new jobs by KOSTAL Kontakt Systeme, Inc. and the investment of nearly \$22 million in new equipment, as well as the refurbishment of a building that has been vacant for seven years

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**RESOLUTION**

**NEXT AGENDA ITEM**

**RETURN TO AGENDA**

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| <b>APPROVALS:</b>           | <b>SIGNATURE</b> | <b>DATE</b> |
|-----------------------------|------------------|-------------|
| <b>Department Review</b>    |                  |             |
| <b>Department Director</b>  |                  |             |
| <b>Mayor</b>                |                  |             |
| <b>City Council Liaison</b> |                  |             |

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