



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

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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Legislative File No: 2005-0425 V6

TO: Mayor and City Council Members
FROM: Ed Anzek, Planning & Development Department, ext. 2572
DATE: June 27, 2005
SUBJECT: Request By BMD Group, Inc. for an Industrial Facilities Exemption Certificate

REQUEST:

Approve the Industrial Facilities Exemption Certificate for BMD Group, Inc.

BACKGROUND:

The City received a request to establish an IDD on June 8, 2005 from GDC No. 8, LLC, also known as General Development, for 3098 Research Dr. The City also received an application for an industrial facilities exemption certificate from BMD Group, Inc., also known as E-Motive, for the same property. BMD Group has signed a letter of intent to acquire the property.

BMD Group is seeking a six (6) year abatement of real and personal property. It proposes to spend \$1.5-million to complete the building, which currently is only a shell, meaning exterior walls and roof. It further proposes to acquire \$244,500 in personal property. The project will result in the retention of 13 workers and E-Motive will create another four (4) jobs within two years of project completion.

Council heard a presentation regarding this request at its Regular Meeting of June 15, 2005. Council held a public hearing regarding the IDD on July 20, 2005.

Based on the City Council's Tax Abatement Policy, BMD Group, Inc. qualifies for up to six (6) years for real property abatement. Under the same Policy, it does not qualify for a personal property abatement.

The IFEC, if granted for six (6) years for real and personal property, as requested, would result in new income to all taxing jurisdictions, excluding the State Education Tax, of \$93,720. The same amount would be abated over that period. The City's share is 22.22%, or \$20,823 in new revenue.

The IFEC, if granted for six (6) years for real property only, as per the City Council's Tax Abatement Policy, would result in new income to all taxing jurisdictions, excluding the State Education Tax, of \$101,743. The same amount would be abated over that period. The City's share is 22.22%, or \$22,606 in new revenue.

The IFEC request is for a speculative development as opposed to a new development or plant rehabilitation district. Consequently, to be eligible, two critical conditions must be met. First, no tenant shall have previously occupied the building. Second, the building shall not remain vacant for more than nine (9) years. The building is presently under development and therefore meets both of these conditions.

RECOMMENDATION:

Approve the Industrial Facilities Exemption Certificate for BMD Group, Inc. for real property only for a period of six (6) years and direct the City Clerk's office to forward the Resolution and all required documents to the State Tax Commission no later than October 31, 2005.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		