



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

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2010-0367

TO: Mayor and City Council Members

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

DATE: September 3, 2010

SUBJECT: Public Hearing Regarding the Request for an Industrial Facilities Exemption Certificate

REQUEST:

Schedule a public hearing regarding the application for an industrial facilities exemption certificate by KOSTAL Kontakt Systeme, Inc. to be held at the Regular Meeting of City Council on September 20, 2010.

BACKGROUND:

City Administration is requesting that City Council establish a Rehabilitation District to encompass the property and building located at 1350 W. Hamlin Road. The City also received an application for an industrial facilities exemption certificate from KOSTAL Kontakt Systeme, Inc. ("KOSTAL") for the same property.

KOSTAL, in its application, is proposing to invest \$1,295,000 to improve the building and bring it up to a current standard, and an additional \$21,035,600 in new personal property for a total investment of \$22,330,600. The company plans to create 198 jobs within two years of project completion and up to 247 jobs over a five-year period. KOSTAL is requesting 12-year abatement in support of the investment.

If the request is approved, the Rehabilitation District will result in the assessment of the real property being frozen at a taxable value of \$1,500,000 for the length of the abatement. In addition, the new personal property will be eligible for a 50% reduction in taxes during the abatement period.

KOSTAL has received approval from the MEGA Board for tax credits and other incentives in support of this project, subject to approval of a Rehabilitation Industrial Facilities Exemption Certificate by City Council.

The company will be making a brief presentation prior to the public hearing.

RECOMMENDATION:

Schedule the Public Hearing for the Regular Meeting of City Council on September 20, 2010.
