



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

**1000 Rochester Hills Dr.
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Legislative File No: 2006-0596

TO: Mayor and City Council Members

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

DATE: August 4, 2006

SUBJECT: Schedule a Public Hearing to Consider the Request for an Industrial Facilities Exemption Certificate by Energy Conversion Devices

REQUEST:

That City Council schedule a Public Hearing for its Regular Meeting of September 6, 2006 to consider a request by Energy Conversion Devices for a industrial facilities exemption certificate, or tax abatement, for real and personal property improvements at 2923 Technology Dr.

BACKGROUND:

Energy Conversion Devices (ECD) occupies three buildings in Rochester Hills and has invested millions of dollars in real and personal property improvements in these facilities. City Council granted tax abatement on one of the buildings in 2000, which expires at the end of this year. On February 15, 2006, City Council granted a tax exemption to ECD under PA 549 of 2002 for an investment of \$1,436,154 in alternative energy personal property. This program promotes companies like ECD who are developing alternative energy technology and heavily investing in research.

Last year, a division of ECD, United Solar, announced that it was building a new facility in Auburn Hills to construct solar panels. In 2006, ECD announced that it was going to build an even larger facility in Greenville, Michigan, to construct additional solar panels. Recently, ECD determined that it would need a manufacturing facility for its Machine Division to assemble the machines that are used to build the solar panels.

After conducting a search in Rochester Hills, it identified a 50,000-square-foot warehouse facility on Technology Dr. that has been vacant for more than three years. The building is constructed as a warehouse and does not have any separation walls or office currently. It proposes to lease the facility for a term of five years with an option to renew for an additional five years; however, the lease is contingent upon receiving tax abatement within 90 days. The facility will be used as an assembly plant to produce vacuum deposition chambers and other components. Infrastructure requirements are as follows:

1. Add 5 ton and 10 ton crane and footings
2. Construct a clean room
3. Construct a machine shop which will contain a saw, mill, lathe, sand blaster and welder
4. Cleaning equipment will be added, including a small ultrasonic cleaner
5. Upgrade the HVAC
6. Construct separation walls between the office area and shop floor
7. Add computers and other IT infrastructure

The planned investment is \$2.43-million. The project also will result in the retention of 72 jobs and creation of 55 additional jobs within two years of completion, including 41 immediate positions. Average salaries per worker are anticipated to be about \$20/hour.

ECD is seeking a 10-year abatement of real and personal property. The Tax Abatement Review Committee will review the abatement application and make a recommendation at the Public Hearing. The abatement, if granted, does not impact the current tax liability of the property owner. In other words, the current value of the property will continue to be taxed fully.

More information about the project will be provided to Council in advance of the Public Hearing.

RECOMMENDATION:

Schedule the Public Hearing for September 6, 2006.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

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