



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: 2014-0400 V2

**TO:** Mayor and City Council Members

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

**DATE:** September 24, 2014

**SUBJECT:** Request to Approve an Industrial Facilities Tax Exemption for AdduXi, Inc. – personal property only.

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**REQUEST:**

To approve an Industrial Facilities Tax Exemption, or tax abatement, for five years, on new personal property at 1857 Enterprise Drive, the new home of AdduXi, Inc.

**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.

AdduXi, Inc. is a privately-held company with headquarters in France. The company produces high-precision plastic parts for the automotive market. Seeing growing in the North American market, the company decided to establish a manufacturing facility to support its North American sales. The company considered a number of communities in Michigan, along with Mexico.

In partnership with Oakland County and UbiFrance, the City of Rochester Hills was able to provide information on a variety of programs and initiatives that made Rochester Hills the best choice. Thus, the company has elected to sign a five-year lease to occupy 26,000 square feet at 1857 Enterprise Drive. Within the next two years, AdduXi, Inc. will need to purchase \$3,532,190 in new equipment, machinery, furniture and computers. AdduXi, Inc. plans to create 40 jobs at this new facility by year-end 2016.

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, AdduXi, Inc.’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. The investment will create permanent jobs at the AdduXi facility.

AdduXi, Inc.’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 as a result of this project.

4. The prospects for long-term growth are present, and
5. There is no current pending litigation against the City by the applicant or its agent.
6. There is a demonstrated need for tax abatement assistance.

City staff completed a Tax Abatement Financial Analysis to determine the impact of the abatement. It is attached for your review. If approved by City Council, an IFT reduces the tax levy for all taxing jurisdictions, except for the State Education Tax (SET), by approximately 50%. In summary, it indicates that the investment will generate \$25,887 in new taxes for all taxing authorities, combined, with the abatement, over five years. The City portion of the new taxes is \$3,152. The company has requested a five-year personal property tax abatement. Based on the anticipated capital investment and job creation, the current policy supports a term of five years. Representatives of AdduXi, Inc. will make a presentation regarding its request prior to the Public Hearing. John Staran has already reviewed the Development Agreement and found it to be acceptable. Staff will secure a signed agreement once City Council has approved the IFT.

**RECOMMENDATION:**

Approve the request by AdduXi, Inc for an Industrial Facilities Exemption Certificate for personal property for a period of five years based on the following reasons:

1. It increases the economic vitality of industrial and high technology districts within the City of Rochester Hills.
2. It creates new employment and increases the tax base of the community.
3. The project is consistent with the goals and guidelines of the City Council's Tax Abatement Policy.

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APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy Clerk		