



## CITY COUNCIL ACTION REPORT

August 25, 2008

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager-Finance/Administration  
Brian Murphy, Assistant City Manager – Economic Development Services  
Nino Licari, City Assessor

SUBJECT: Public Hearing to consider granting an Industrial Facilities Exemption Certificate (IFEC) to EcoMotors, International, 1055 W. Square Lake

### Background:

- EcoMotors intends to purchase and occupy the vacant 30,000 square foot engineering building at 1055 W. Square Lake, as a research and development headquarters.

The Michigan Economic Growth Authority (MEGA) has granted the company \$6.3 million in tax credits. One of the contingencies tied to these State Tax Credits is tax abatement from the City of Troy. This is according to Public Act 198 of 1974 (as amended) and local City policy. As you will recall, this amounts to an approximate 50% reduction in personal property taxes that they would pay, over a twelve (12) year period.

### Financial Considerations:

- The estimated amount of investment in personal property is \$3,548,100 for the project. Over a twelve (12) year life, the estimated total taxes are \$157,714.59, of which \$49,997.65 would be City taxes.

A 50% abatement amounts to a savings of \$78,857.29 in total taxes, of which \$24,998.83 would be saved on City taxes. This is the financial cost to all taxing authorities.

### Legal Considerations:

- The application meets all requirements of Public Act 198 of 1974 (as amended), the Plant Rehabilitation and Industrial Development Districts legislation.

### Policy Considerations:

- The application is in compliance with the newly amended tax abatement policy of the City Council of the City of Troy (Resolution #2006-06-238, attached).

City Council Goal II, “Retain and attract investment while encouraging redevelopment” is met with this expansion. The company will own and occupy an existing vacant 30,000 square foot building, and bring in an additional 157 jobs.

Since both legal and policy considerations are met, staff would recommend granting the exemption.

Options:

- City Council has the option of granting the Industrial Facilities Exemption Certificate for any period of one (1) to twelve (12) years, or not at all.

Staff recommends that the Exemption be granted for the full twelve (12) years.

**CITY OF TROY**  
**PUBLIC HEARING**

A Public Hearing will be held by and before the City Council of the City of Troy at City Hall, 500 W. Big Beaver, Troy, Michigan on Monday, August 25, 2008 at 7:30 P.M. to consider the request from EcoMotors, International, for the granting of an Industrial Facilities Exemption Certificate (IFEC) at the following location:

88-20-08-226-002 1055 W. Square Lake, Troy, MI. 48098  
T2N, R11E, Section 8

You may express your comments regarding this matter by writing to this office, or by attending the Public Hearing.

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Tonni Bartholomew, MMC  
City Clerk

**NOTICE:** *People with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk by e-mail at [clerk@ci.troy.mi.us](mailto:clerk@ci.troy.mi.us) or by calling (248) 524-3317 at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.*

**TROY PUBLIC SCHOOLS  
4400 LIVERNOIS  
TROY MI 48098-4799**

**OAKLAND COMMUNITY COLLEGE  
CLARENCE E BRANTLEY  
2480 OPDYKE  
BLOOMFIELD HILLS MI 48304-2266**

**OAKLAND INTERMEDIATE  
SCHOOLS  
2111 PONTIAC LAKE  
WATERFORD MI 48328**

**OAKLAND COUNTY PTA  
PATRICK DOHANY  
1200 N TELEGRAPH Dept 479  
PONTIAC MI 48341-0479**

**OAKLAND COUNTY EQUALIZATION  
DAVID HIEBER  
250 ELIZABETH LAKE RD 1000 W  
PONTIAC MI 48341**

**O JOHN COLETTI  
ECOMOTORS INTERNATIONAL  
1055 W SQUARE LAKE  
TROY MI 48098**

**O JOHN COLETTI  
ECOMOTORS INTERNATIONAL  
2401 W BIG BEAVER STE 100  
TROY MI 48084**

**CURT BRAINARD  
CLB BUSINESS SOLUTIONS LLC  
PO BOX 95  
NORTHVILLE MI 48167**