



CITY COUNCIL ACTION REPORT

August 16, 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 The ProMetal RCT, LLC – 2341 Alger

Background:

- The ProMetal RCT, LLC, intends to greatly expand their operations at 2341 Alger, Troy, MI. 48083, with an investment of \$3,800,000 in new equipment.

The Michigan Economic Growth Authority (MEGA) has granted the company all available tax relief under their control. 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 \$3,800,000 for the project. Over a twelve (12) year life, the estimated total taxes are \$168,911.65, of which \$53,547.28 would be City taxes.

A 50% abatement amounts to a savings of \$84,455.82 in total taxes, of which \$26,773.64 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 Outcome III, "Troy is rebuilding for a healthy economy reflecting the values of a unique community in a changing and interconnected world." Retain and attract investment while encouraging redevelopment" is met with this expansion.

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, September 22, 2008 at 7:30 P.M. to consider the request from The ProMetal RCT, LLC, for the granting of an Industrial Facilities Exemption Certificate (IFEC) at the following location:

88-20-26-200-060 2341 Alger, Troy, MI. 48098
T2N, R11E, Section 26
Jack Elwell's Industrial Park Subdivision
Lots 5 & 6

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

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 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**

**DORIS PEDERSEN
2341 ALGER
TROY MI 48083**

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