

CITY OF BRIGHTON
CITY COUNCIL MEETING
CITY HALL
March 20, 2014

Regular Blue Sky: 7:00 p.m.: Review of Agenda Items for this evening's meeting

REGULAR SESSION - 7:30 P.M.

1. Call to order
2. Pledge of Allegiance
3. Roll Call
4. Consider approval of the Agenda
5. [Approval of minutes: Regular Meeting of March 6, 2014](#)
6. Call to the Public

Consent Agenda

7. Consider approval of personal property tax expungements as recommended by the City Attorneys
8. Consider approval of the Mayor's recommended appointment to the City of Brighton and Genoa Township Joint Land Transfer Agreement Advisory Committee
9. Consider approval of the Mayor's recommended reappointments to the Officers Compensation Commission

Policy Development & Customer Communications' action item

10. Conduct public hearing on a requested [Industrial Facilities Tax Exemption \(IFT\) from Eberspaecher North America for its planned expansion of its existing facility on Orndorf Drive](#) (Mayor closes the regular meeting and opens the public hearing to ask for public comment/questions, receive public comment or questions, and then close the public hearing to resume the regular City Council meeting)
 - a. Consider approval of a [Resolution for approval of Eberspaecher North America's application for a real property IFT](#) as recommended by staff
 - b. Consider approval of a [Resolution for approval of Eberspaecher North America's application for a personal property IFT](#) as recommended by staff
11. Consider approval of a [resolution of support](#) for an [MDOT Economic Development Category A grant application for Orndorf Drive improvements and a traffic signal upgrade at the Orndorf Drive and Grand River](#)
12. Receive the Proposed Fiscal Year 14-15 City Budget from the City Manager

Other Business

13. Information for City Customers
 - a. Report from the City Manager on responses to Citizens Inquiries to City Council received since the last Council Meeting
 - b. Progress updates from the City Manager on City Council-adopted goals
14. Receive updates from Council Member Liaisons to other Boards and Commissions
15. Call to the Public
16. Adjournment

MINUTES OF THE MEETING OF THE CITY COUNCIL OF BRIGHTON
HELD ON MARCH 6, 2014 AT THE BRIGHTON CITY HALL
200 N. 1ST STREET, BRIGHTON, MICHIGAN

BLUE SKY SESSION

The Council conducted an early Blue Sky Session at 6:30 p.m. Present were Mayor Muzzin, Mayor Pro-Tem Pipoly, Councilmembers Bohn, Bandkau, Tobbe and Willis. The Council reviewed a pending economic development project and the agenda items.

REGULAR SESSION

Mayor Muzzin called the regular meeting to order at 7:30 p.m. Following the Pledge of Allegiance, the roll was called. Present were Mayor Muzzin, Mayor Pro-Tem Pipoly, Councilmembers Bandkau, Willis, Tobbe and Bohn. Also in attendance were Attorney Paul Burns, Staff members Dana Foster, Tim Krugh, Dave Blackmar, Kelly Hanna, Amy Cyphert, Diana Lowe, Matt Modrack and Tom Wightman and an audience of 4. Press and Media included Tom Tolen from WHMI.

It was moved by Mayor Pro-Tem Pipoly, seconded by Tobbe to excuse Councilmember Cooper from the evening's meeting. Motion passed 6-0-1.

AGENDA APPROVAL

It was moved by Councilmember Bandkau seconded by Willis to approve the agenda as amended. Move from Consent to Action Agenda item #11, Eberspaecher North America Industrial Facilities Tax Exemption Public Hearing. Motion passed 6-0-1.

EAGLE SCOUT PROCLAMATION

Mayor Muzzin presented an Eagle Scout proclamation to James Giagola.

James Giagola stated that his Eagle Scout project was building benches and feral cat houses for the Humane Society. He also donated the remainder of his funds to the Humane Society.

Mayor Muzzin read a letter to Dennis Kalio thanking him for his service to Boy Scout Troop 350 and congratulating him on the Troop's 100th Eagle Scout achievement. He recognized Dana Foster as his favorite Eagle Scout.

Dennis Kalio thanked the Council and stated the leadership falls on the youth of the troop and they are a great service to the community.

MINUTE APPROVAL

It was moved by Councilmember Tobbe, seconded by Bohn to approve the Regular Meeting minutes of February 20, 2014 as presented. Motion passed 6-0-1.

It was moved by Councilmember Bandkau, seconded by Willis to approve the Closed Session Meeting minutes of February 20, 2014. Motion passed 6-0-1.

CALL TO THE PUBLIC

Mayor Muzzin opened the Call to the Public at 7:40 p.m. Hearing no comment, the Call to the Public was closed.

CONSENT AGENDA

It was moved by Councilmember Bohn, seconded by Pipoly to approve the Consent Agenda as presented. Motion passed 6-0-1.

The following items were approved:

1. Approved Resolution 14-01, Friends of the Library Charitable Gaming Fundraising event.
2. Appointed Phil Garbacz to the Downtown Development Authority.
3. Approved a Civic Event application for The Pound's St. Patrick's Day event tent.

EBERSPAECHER NORTH AMERICA IFT PUBLIC HEARING PUBLICATION

City Manager, Dana Foster gave a slide presentation on the proposed Eberspaecher North America expansion. He discussed the pending Industrial Facilities Tax Exemption Certificate process. He introduced Doug Swick, ENA Operations; Tim Anderson, ENA Attorney; Luke Bonner from Ann Arbor Spark and Mark Jefferies of Corrigan Construction Development Team.

Doug Swick thanked the Council to allow them to come today for this presentation. He gave a background about Eberspaecher North America, Incorporated and discussed the operations and status of the business.

It was moved by Councilmember Tobbe, seconded by Bandkau to direct staff to publish a notice for a Public Hearing on the Proposed Industrial Facilities Tax exemption application for possible approval at the March 20, 2014 Council meeting to approve ENA's application for real of \$20,000,000 for a period of twelve (12) years and personal property in the amount of \$31,000,000 at a 50% tax rate for seven (7) years. Motion passed 6-0-1.

BUDGE PREPARATION UPDATE

City Manager, Dana Foster gave a budget preparation process and schedule update.

COMMUNITY/CITIZENS' OUTREACH

City Manager, Dana Foster discussed the Council adopted goal of Community Outreach/Citizens' Outreach and options including Informal Budget related meetings at non-City Facilities, surveys via the City's website, postcard and Facebook mailings prior to the meetings, an online open-input forum on the City's website, use of the

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Facebook page for questions and mini-Town Hall neighborhood walk-arounds in each quadrant of the City to promote citizen engagement.

There was Council discussion regarding an ambitious schedule prior to budget finalization and Envision Brighton forums.

CITY CUSTOMER INFORMATION

City Manager, Dana Foster stated he met with Dave Blackmar, Patty Thomas and Renee Pettengill regarding the Imagination Station due care plan with the first volunteer work day of May 10th. He gave a legislative update stating we may receive approximately \$28,000 for street and road repair from the harsh winter. He gave responses to Citizens Inquiries including: Burning authorized by the BAFA at a worksite located in the City and property owners not maintaining sidewalk snow removal in areas not cleared by the City.

Councilmember Bandkau read a letter commending the citizens of Brighton for the Veteran's Memorial project.

Councilmember Willis gave a PSD update.

CALL TO THE PUBLIC

Mayor Muzzin gave a Call to the Public at 9:00 p.m. Hearing no comment, the Call to the Public was closed.

ADJOURNMENT

It was moved by Councilmember Tobbe, seconded by Bohn to adjourn the meeting at 9:00 p.m. Motion passed 6-0-1.

Diana Lowe, City Clerk

Jim Muzzin, Mayor

POLICY REPORT - FINANCE

**Consider an Application submitted by
Eberspaecher North America, Inc. (ENA) for
Two Industrial Facilities Tax Exemption Certificates**

March 20, 2014

Prepared by:

Reviewed by:

Kelly Hanna
Finance Director

Dana W. Foster
City Manager

Colleen Barton
City Assessor

ISSUE:

Consider Approval of an application for Industrial Facilities Tax Exemption Certificates for Real and Personal Property for the existing ENA Facility in our City.

STAFF RECOMMENDATION:

It is the recommendation of staff that the City Council considers a Resolution to approve the application for real property in the amount of \$20,000,000 at a 50% tax rate for twelve (12) years and an application for personal property in the amount of \$31,000,000 at a 50% tax rate for seven (7) years, based upon documentation from the applicant documenting that the weighted average of the useful life of all the personal property is no less than seven (7) years.

BACKGROUND:

On Friday, February 21, 2014, Livingston County EDC – Ann Arbor Spark delivered an application on behalf of ENA by email to the City Manager and Finance Director for IFT Exemption. ENA is considering an investment to expand upstream component manufacturing to replace steel bending, milling and stamping components and supplies at its facility that has been located in our City since 2003.

The capital expenditures will include the installation of new pipe bending equipment, tooling, computer equipment (software and hardware) and manufacturing equipment. The anticipated value of the equipment investment is \$31,000,000. Additionally, ENA intends to expand the existing Brighton Facility by 191,000 square feet and will be used primarily for vertical integration efforts for production facilities in Michigan. The anticipated value of the real property investment is \$20,000,000. This work is currently done by external vendors and once Eberspaecher brings it in-house – it will require additional space. The total combined anticipated investment is approximately \$51,000,000.

ENA has indicated in their application that construction and equipment installation are planned to begin after March 1, 2014, with the personal property improvements completed by March 1, 2016 and real property improvements completed by March 1, 2016. An exemption may be granted if the local assessor receives applications and attachments within six (6) months of commencement of the project. Since construction of the real property and installation of the personal property falls within the specified time period, staff is recommending City Council consider approval of the application for real and personal property. All applications must be received by the STC by October 31 to insure processing and certification for the following tax year.

In approving IFT applications, the City Council reviews the request in the context of the City Council-Adopted Policy Statement for IFT Abatements. The Policy Statement states, "The City believes that Industrial Facility Tax Exemptions can benefit the entire community if it can be clearly established that the granting of the abatement will result in:

1. The promotion of a stable diversified light industrial community. **We believe the abatement promotes a stable, diversified light industrial community for the City of Brighton.**
2. The retention and provision of a significant number of new high quality jobs for the residents of Brighton. **According to ENA, 100 jobs will be retained and 100 new jobs will be created as a result of this addition and expansion.**
3. The location of new, clean, environmentally safe industrial operations in the City. **To our knowledge, the ENA facility is and will continue to be a clean and environmentally safe industrial location.**
4. The continuation of a sound tax base by encouraging industrial capital investment for new industrial construction or rehabilitation of existing obsolete facilities. **As evidenced by the request, ENA is increasing its capital investment by approximately \$51,000,000 million for real and personal property, which in turn, will increase property tax revenue for the City of Brighton General Fund, DDA Fund, LDFA Fund, and Law Enforcement/Public Safety Technology Fund.**
5. The increase in tax collections resulting from an overall higher level of economic activity in the City of Brighton. **Using the City's current millage rate, ENA's real property additions will generate \$65,791 in additional Property tax revenue for the General Fund, DDA Fund, LDFA Fund and Public Safety/Law Enforcement Fund combined for FY2015-16 assuming all real property additions are complete by December 31, 2014. The personal property additions will generate approximately \$92,279 of additional revenue starting in FY2016-17, provided the Personal Property Tax**

Exemption does not pass or the State of Michigan reimburses the City of Brighton 100% of the Personal Property Tax that is exempt.

6. The continued productive use of vacated property, if an existing facility is vacated in the City for a newer, larger facility also in the City. **N/A.**
7. A long-term commitment to the City of Brighton as the location for the applicant's operations. **We believe ENA's past and current development evidences their commitment to the City. However, if ENA chooses to leave the City of Brighton without permission for relocation prior to the end of the term of the IFT, the City Council has the right to recapture from ENA up to and including the total amount of the taxes abated by the IFT.**
8. The development of a facility within one of the targeted industrial areas of the City. **We believe this has been accomplished by ENA's development.**

The Policy Statement also states that the City will not grant an application for an Industrial Facilities Exemption Certificate if:

1. The applicant cannot demonstrate that the tax abatement is a significant element for the success of the project. **We believe ENA's current success within the community has been demonstrated and the existing IFT Certificate is a significant element for that success.**
2. The total previously issued facilities exemption certificates in addition to the exemption for which application is made when compared to the City's Taxable Value (TV), including the additional TV which would be afforded the community through the Project for which exemption is sought, shall not impede or impair the City's ability to operate or do harm to the financial soundness of to the City of Brighton. **For the current tax year (2014), the City currently has 4 IFT exemption certificates outstanding, totaling \$10,811,810 in Equivalent Taxable Value, which is approximately 2.7% of the City's total current Taxable Value. If the ENA request for real and personal property exemptions were granted, the aggregate total of Equivalent Taxable Value would increase to approximately \$36,311,810 by the end of their Project, which is approximately 9% of the City's total current Taxable Value. The State of Michigan considers total abatements outstanding of 5% or less appropriate, but there is no requirement to stay below 5%.**

Although granting the new IFT certificate for real property will result in the exemption of approximately \$65,000 of annual real property tax revenue to the City in FY 2015-16 and potential personal property tax revenue starting in FY2016-17, it can be conversely argued that because ENA is increasing

its investment by approximately \$51,000,000 as a result of the construction project and there will be a significant Net increase in annual property tax revenue to the City after the twelve year exemption expires. During the next 6 years alone, the attached Net Revenue Analysis shows a cumulative 6-year combined Net Revenue increase of approximately \$415,000 if the 2013 Personal Property Tax (PPT) Legislation is not changed, or about \$911,000 if that legislation is modified such that all of our property tax-receiving Funds receive 100% reimbursement of PPT revenues from FY16-17 forward.

ENA is current on its property taxes payments to the City of Brighton.

BUDGET IMPACT of Approval:

FY 2014-15: No Impact.

FY 2015-16: There will be a net gain in property tax revenue to the City for its share of any new values added as of December 31, 2014.

RELATIONSHIP TO GOALS:

Related to the Master Plan Goals of actively supporting the efforts of existing businesses to remain competitive, encouraging the redevelopment of existing sites, which will enhance the tax base and meet service needs of present residents without requiring extensive city services and to assure that all new development proposals contribute to the quality of life in Brighton and help expand the financial resources of the community.

ACTION/MOTION:

1. **Adopt the Resolution to approve ENA's application for personal property in the amount of \$31,000,000 at a 50% tax rate for lesser of seven (7) years or the weighted average of the useful life of all the personal property; and**
2. **Adopt the Resolution to approve ENA's Application for an IFT Exemption Certificate for real property in the amount of \$20,000,000 at a 50% tax rate for twelve (12) years.**

Additional Tax Revenue WITHOUT the Loss of Personal Property Tax or 100% Reimbursement

	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>FY2017-18</u>	<u>FY2018-19</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>Six Year Cumulative</u>
Net General Fund Increase	15,947	57,884	73,713	65,476	58,532	52,687	324,238
DDA Fund	23,972	48,816	58,382	53,864	50,109	47,004	282,148
LDFA Fund	23,972	48,816	58,382	53,864	50,109	47,004	282,148
Police Millage	1,900	3,869	4,627	4,269	3,972	3,725	22,363
Total City Additional Revenue	65,791	159,386	195,103	177,474	162,722	150,420	910,897

Additional Tax Revenue WITH the Loss of Personal Property Tax or NO Reimbursement

Net General Fund Increase	15,947	16,266	16,591	16,923	17,262	17,607	100,597
DDA Fund	23,972	24,452	24,941	25,439	25,948	26,467	151,219
LDFA Fund	23,972	24,452	24,941	25,439	25,948	26,467	151,219
Police Millage	1,900	1,938	1,977	2,016	2,057	2,098	11,985
Total City Additional Revenue	65,791	67,107	68,449	69,818	71,215	72,639	415,020

RESOLUTION NO. 14-

Resolution Approving the Application of Eberspaecher North American, for an Industrial Facilities Tax Exemption Certificate for construction and installation of Personal Property for a New Facility.

WHEREAS, pursuant to P.A. of 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing held on March 21, 2002, this Council by resolution established Industrial Development District No. 14, as requested by Mike Corrigan of Challis Road Development 11 LLC; and

WHEREAS, Eberspaecher North America has filed an application for an Industrial Facilities Exemption Certificate with respect new personal property machinery and equipment to be constructed, acquired, and installed within the Industrial Development District No. 14; and

WHEREAS, before acting on said application, the City of Brighton held a public meeting on March 20, 2014 at the City Council Chambers, 200 N. First Street, Brighton, MI at 7:30 p.m., at which meeting the applicant, the Assessor and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, construction, acquisition and installation of new machinery and equipment had not begun earlier than six (6) months before March 6, 2014, the date of the acceptance of the application for the Industrial Facilities Exemption Certificate; and

WHEREAS, completion of the facility is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create or prevent the loss of employment in the City of Brighton; and

WHEREAS, the aggregate Taxable Value (TV) of real and personal property exempt from ad valorem taxes within the City of Brighton, after granting this certificate, will not exceed 9% of an amount equal to the sum of the TV of the unit, plus the TV of personal and real property thus exempted

NOW, THEREFORE, BE IT RESOLVED BY the Council of the City of Brighton that::

- The City Council finds and determines that the granting of the Industrial Facilities Exemption Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 shall not have the effect of substantially impeding the operation of the City of Brighton, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Brighton
- The application of Eberspaecher North America for an Industrial Facilities Exemption Certificate with respect to personal property (machinery & equipment) to be constructed, acquired and installed on the following described parcel of real property situated within Industrial Development District No. 14, to wit:

SEC 25 T2N R5E PARAMOUNT INDUSTRIAL PARK UNITS 3 & 4 9.26 AC - SPLIT FR 25-200-015 7/02 - PARCEL #4718-25-201-003

be and the same is hereby approved pending signing of the "Written Agreement" by Eberspaecher North America and the City of Brighton.

- The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of seven (7) years beginning December 31, 2014 and ending March 1, 2021. If it is determined that the following conditions are not complied, the certificate will be revoked and Eberspaecher North America shall repay to the City of Brighton and all affected taxing units, that amount of taxes so exempted within 30 days of revocation:
 1. Completion of the facility is calculated and at the time of issuance of the certificate will create 100 new full time jobs.

2. The investment in the community is estimated to be **\$31,000,000** with this project.
3. The estimated date of completion is March 1, 2016 with the owner making a 7-year commitment to the City of Brighton.
4. There is no public financing and a financial need is shown.
5. There will be no negative impact on City services.
6. Certificate holder will not allow taxes to be delinquent.

AYES: _____

NAYS: _____

ABSTAIN: _____

ABSENT: _____

RESOLUTION DECLARED ADOPTED.

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the City of Brighton, County of Livingston, Michigan, at a regular meeting held on March 20, 2014.

Diana Lowe, City Clerk

RESOLUTION NO. 14-

Resolution Approving the Application of Eberspaecher North American, for an Industrial Facilities Tax Exemption Certificate for acquisition and construction of Real Property for a New Facility.

WHEREAS, pursuant to P.A. of 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing held on March 21, 2002, this Council by resolution established Industrial Development District No. 14, as requested by Mike Corrigan of Challis Road Development 11 LLC; and

WHEREAS, Eberspaecher North America has filed an application for an Industrial Facilities Exemption Certificate with respect new real property machinery and equipment to be acquired and constructed within the Industrial Development District No. 14; and

WHEREAS, before acting on said application, the City of Brighton held a public meeting on March 20, 2014 at the City Council Chambers, 200 N. First Street, Brighton, MI at 7:30 p.m., at which meeting the applicant, the Assessor and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, acquisition and construction of new real property had not begun earlier than six (6) months before March 6, 2014, the date of the acceptance of the application for the Industrial Facilities Exemption Certificate; and

WHEREAS, completion of the facility is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create or prevent the loss of employment in the City of Brighton; and

WHEREAS, the aggregate Taxable Value (TV) of real and personal property exempt from ad valorem taxes within the City of Brighton, after granting this certificate, will not exceed 9% of an amount equal to the sum of the TV of the unit, plus the TV of personal and real property thus exempted

NOW, THEREFORE, BE IT RESOLVED BY the Council of the City of Brighton that::

- The City Council finds and determines that the granting of the Industrial Facilities Exemption Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 shall not have the effect of substantially impeding the operation of the City of Brighton, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Brighton
- The application of Eberspaecher North America for an Industrial Facilities Exemption Certificate with respect to real property to be acquired and constructed on the following described parcel of real property situated within Industrial Development District No. 14, to wit:

SEC 25 T2N R5E PARAMOUNT INDUSTRIAL PARK UNITS 3 & 4 9.26 AC - SPLIT FR 25-200-015 7/02 - PARCEL #4718-25-201-003

be and the same is hereby approved pending signing of the "Written Agreement" by Eberspaecher North America and the City of Brighton.

- The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of twelve (12) years beginning March 1, 2014 and ending March 1, 2026. If it is determined that the following conditions are not complied, the certificate will be revoked and Eberspaecher North America shall repay to the City of Brighton and all affected taxing units, that amount of taxes so exempted within 30 days of revocation:
 1. Completion of the facility is calculated and at the time of issuance of the certificate will create 100 new full time jobs.
 2. The investment in the community is estimated to be **\$20,000,000** with this project.

3. The estimated date of completion is March 1, 2016 with the owner making a 12-year commitment to the City of Brighton.
4. There is no public financing and a financial need is shown.
5. There will be no negative impact on City services.
6. Certificate holder will not allow taxes to be delinquent.

AYES: _____

NAYS: _____

ABSTAIN: _____

ABSENT: _____

RESOLUTION DECLARED ADOPTED.

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the City of Brighton, County of Livingston, Michigan, at a regular meeting held on March 20, 2014.

Diana Lowe, City Clerk

**CITY OF BRIGHTON
NOTICE OF PUBLIC HEARING
INDUSTRIAL DEVELOPMENT DISTRICT NO. 14**

Please take notice that on March 20, 2014, 7:30 p.m. in the City Council Chambers, 200 North First Street, Brighton, Michigan, the City Council for the City of Brighton shall consider the application for an Industrial Facility Tax (IFT) Exemption Certificate for new construction of real and personal property in compliance with Public Act 198 of 1974, located at the property described as:

LEGAL DESCRIPTION – EBERSPAECHER NORTH AMERICA, INC.

SEC 25 T2N R5E PARAMOUNT INDUSTRIAL PARK UNITS 3 & 4 9.26 AC - SPLIT FR 25-200-015 7/02 - PARCEL #4718-25-201-003

Commonly known as 2035 CHARLES ORNDORF, BRIGHTON, MI 48116

All concerned citizens are urged to be present. Those individuals wishing to comment on the proposed application shall be heard at the public hearing. Comments may also be made in writing. Application materials are available for review in the office of the City Assessor during regular business hours.

DIANA LOWE
CITY CLERK

To comply with the **AMERICAN WITH DISABILITIES ACT (ADA):**

Any citizen requesting accommodation to attend this meeting, and/or to obtain this notice in alternate formats, please contact David Blackmar, ADA Coordinator, (810) 225-9282 at least five (5) business days prior to the meeting.

(Livingston County Press & Argus)



CITY OF BRIGHTON

"Providing quality service"

City Hall

200 N. First St.

Brighton, MI 48116-1593

(810) 227-1911

Fax# 227-6420

TDD Phone: (810) 227-8357

City Manager

225-8022

City Clerk

227-0463

Human Resources Director

225-9251

Cemetery/ Voter Registration

227-0463

Community Development

Building

227-9005

Building Inspection Line

227-0419

Planning / Zoning

225-9257

Community Development/

DDA

225-8025

Finance

Accounts Payable

225-8019

Assessing Assistant

227-9006

City Assessor

225-8024

City Treasurer

225-8023

Finance Director

225-9283

Assistant Finance Director

227-7738

Property Taxes

227-0179

Utility Billing

225-8041

Police Department

440 S. Third St.

(810) 227-2700

Fax# 227-2063

Department of Public Services

420 S. Third St.

(810) 225-8001

Fax# 225-9249

DPS Director

225-9284

Assistant DPS Director

225-9282

Water Plant

227-2968

Wastewater Plant

227-9479

March 7, 2014

To whom it may concern,

This letter is being sent to you as your Notice regarding a meeting of the Brighton City Council on Thursday, March 20, 2014 at 7:30 p.m. to consider an Application submitted by Eberspacher North America, Inc. (ENA) for an Industrial Facilities Tax Exemption Certificates for both New real and personal property in the City of Brighton.

As an affected taxing unit, you will be afforded an opportunity to be heard at this meeting regarding the application for Industrial Facilities Tax Exemption Certificates for New real and personal property in the City of Brighton.

If you have any question regarding this notice please contact me at (810) 225-9283.

Sincerely,

Kelly Hanna
Finance Director

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-2408.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit
STC Use Only	
▶ Application Number	▶ Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) EBERSPACHER NORTH AMERICA, INC.		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3363	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 2035 Charles H Orndorf, Brighton, MI 48116		▶ 1d. City/Township/Village (indicate which) City of Brighton	▶ 1e. County Livingston
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))		▶ 3a. School District where facility is located Brighton	▶ 3b. School Code 47010
		4. Amount of years requested for exemption (1-12 Years) 12	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

Eberspacher is considering an investment to expand upstream component manufacturing to replace steel bending, milling and stamping components and supplies. The project requires significant investment in personal property, as well as real property investments and improvements as outlined in the attachments.

6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	▶ \$20,000,000.00 Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation, plus total	▶ \$31,000,000.00 Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ \$51,000,000.00 Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ▶	3/1/14	3/1/16	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶	3/1/14	3/1/16	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. 100	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 100
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11. Rehabilitation applications only. Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)	_____
b. TV of Personal Property (excluding inventory)	_____
c. Total TV	_____

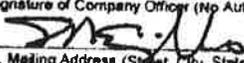
▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit) 3/21/02	▶ 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
--	---

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Eric Phillips	13b. Telephone Number (248) 778-5231	13c. Fax Number (248) 488-0200	13d. E-mail Address eric.phillips@eberspaecher.com
14a. Name of Contact Person Scott Trujillo	14b. Telephone Number (248) 795-0003	14c. Fax Number (248) 488-0200	14d. E-mail Address scott.trujillo@eberspaecher.com
15a. Name of Company Officer (No Authorized Agents) Scott Trujillo			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (248) 488-0200	15d. Date 2/21/2014
15e. Mailing Address (Street, City, State, ZIP Code) 29101 Haggerty Road, Novi, Michigan 48377		15f. Telephone Number (248) 795-0003	15g. E-mail Address scott.trujillo@eberspaecher.com

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

<p>16. Action taken by local government unit</p> <p><input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Denied (Include Resolution Denying)</p>	<p>16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:</p> <p>Check or Indicate N/A if Not Applicable</p> <p><input type="checkbox"/> 1. Original Application plus attachments, and one complete copy</p> <p><input type="checkbox"/> 2. Resolution establishing district</p> <p><input type="checkbox"/> 3. Resolution approving/denying application.</p> <p><input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant)</p> <p><input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant)</p> <p><input type="checkbox"/> 6. Building Permit for real improvements if project has already begun</p> <p><input type="checkbox"/> 7. Equipment List with dates of beginning of installation</p> <p><input type="checkbox"/> 8. Form 3222 (If applicable)</p> <p><input type="checkbox"/> 9. Speculative building resolution and affidavits (If applicable)</p>
<p>16a. Documents Required to be on file with the Local Unit</p> <p>Check or Indicate N/A if Not Applicable</p> <p><input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district.</p> <p><input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing.</p> <p><input type="checkbox"/> 3. List of taxing authorities notified for district and application action.</p> <p><input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.</p>	
16c. LUCI Code	16d. School Code
17. Name of Local Government Body	18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

IFT LETTER OF AGREEMENT

TO: BRIGHTON CITY COUNCIL

FROM: EBERSPAECHER NORTH AMERICA, INC. ("ENA")

RE: Agreement with the City of Brighton

Dear Honorable Mayor and Members of the City Council,

ENA has submitted an application to you for the granting of an industrial facilities exemption certificate (IFT) pursuant to Michigan Public Acts of 1974, as amended.

To encourage the granting of the IFT and in recognition of the investment the City of Brighton will be making toward the economic growth of ENA and thus the economic growth of the City of Brighton, I hereby agree to the following:

1. No later than the 31st day of December, immediately following the second year after the issuance date of the IFT, the company shall submit a letter to the municipality stating:
 - a. The number of new jobs promised in the IFT application within a two-year period and the actual number of new jobs created.
 - b. If IFT was granted on the basis of job retention, submit the number of employees at the time of the application and the current number of employees.
 - c. If projection for creation or retention of jobs was not reached, give explanation.
 - d. The estimated project cost given in the application and the actual project cost.
 - e. If actual project costs differ substantially from projected cost, give explanation.

2. ENA further agrees to submit a report regarding status of employment every two years after submission of the letter required in Item 1, on or before December 31. If employment has not remained or exceeded the number given in the application, an explanation for this shall be included. This report shall be submitted beginning with the year after the issuance date of the IFT.

ENA understands that if employment has not been retained or reached as stated in the application or the construction and/or expansion project has not been

completed or expenditures made as described in the application, the governing body has the right to revoke the IFT.

By signatures of representatives of both ENA and the City of Brighton below, it is understood that both ENA's investment in the project and the City's investment through the granting of an IFT are to encourage the economic growth of all. It is also acknowledged that certain economic conditions can, at times, prohibit the maintenance of ENA's targeted status. It is understood that if such conditions exist at the time of the designated update reports, the governing body of the City of Brighton will carefully evaluate the situation, and will inform ENA if any action is considered in order to give ENA an opportunity for correction.

WITNESS

EBERSPAECHER NORTH AMERICA, INC.

Breda [Signature]
2/24/14
Date

[Signature]
By: Scott Trujillo
Title: Vice President of Finance

WITNESS

ACKNOWLEDGED BY THE CITY OF BRIGHTON

Date

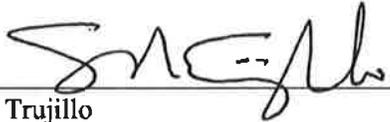
By: _____
Title: Mayor, City of Brighton

Affidavit

- The undersigned avers that he has been employed with similar responsibilities at Eberspaecher North America, Inc. for a period including the date indicated above the signature below. Accordingly, the individual signing this affidavit has personal knowledge concerning the proposed investments and the status of installation.
- The undersigned avers that he is personally knowledgeable regarding the proposed personal property set forth elsewhere in this application and that he has reviewed the estimated dates of commencement of installation for each item. He has determined that the installation of said items will commence no earlier than the dates provided in Section 7 of the Application for Industrial Facilities Tax Exemption Certificate.
- The undersigned hereby certifies, on behalf of Eberspaecher North America, Inc., that the proposed personal property, which is the subject of this application, is eligible property within the statutory requirements pursuant to P.A. 198 of 1974, as amended.

Dated: 2/24/2014

EBERSPAECHER NORTH AMERICA, INC.



Scott Trujillo
Vice President of Finance

Eberspaecher North America, Inc.
Tax Abatement Application
Line item 6a) Real Property Cost Detail

<u>Equipment</u>	<u>Cost</u>	<u>Property Tax Description</u>	<u>Date to be Installed</u>	
Additions to the Brighton facility	\$20,000,000	Real Property	Q2/Q3 2014	40 Years
Total Real Property	\$20,000,000			

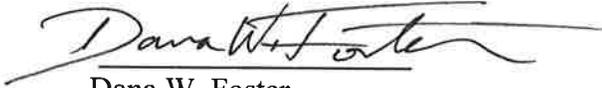
<u>Equipment</u>	<u>Cost</u>	<u>Property Tax Description</u>	<u>Date to be Installed</u>	
Computer & IT Equipment	\$80,000	Computer Equipment	Upon project completion	5 Years
Office Equipment	\$160,000	Furniture and fixtures	Upon project completion	10 Years
Pipe bending cell #1	\$1,300,000	Machinery and Equipment	Upon project completion	7 years
Pipe bending cell #2	\$1,300,000	Machinery and Equipment	Expected production Q2 -2015	7 years
Pipe bending cell #3	\$1,300,000	Machinery and Equipment	Expected production Q2 -2015	7 years
Tooling	\$2,600,000	Machinery and Equipment	2/3 by Q2 2015 - 1/3 in production by Q2 2016	7 years
Manufacturing Equipment	\$24,110,000	Machinery and Equipment	2/3 by Q2 2015 - 1/3 in production by Q2 2016	7 years
Software	\$150,000	Software	2/3 by Q2 2015 - 1/3 in production by Q2 2016	3 Years
Total Equipment & Personal Property	\$31,000,000			

Total Expected Project Costs	\$51,000,000
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**POLICY REPORT: MICHIGAN TRANSPORTATION ECONOMIC
DEVELOPMENT FUND CATEGORY A: ECONOMIC DEVELOPMENT AND
REDEVELOPMENT RESOLUTION OF SUPPORT**

MARCH 20, 2014

Prepared by:



Dana W. Foster
City Manager

ISSUE:

As City Council is aware, and pursuant to their direction, the Planning & Zoning and Community Development staff prepared and submitted an application for MDOT Category A funds for Orndorf Drive improvements and traffic signal improvements at Orndorf and Grand River. At the invitation of the MDOT Economic Development Grant Coordinator, Mike Smith, the application was formally submitted on March 7, 2014. A resolution of support is now needed to complete the submittal. The accompanying resolution is based on the recommended format from MDOT staff.

INFORMATION:

- Staff submitted the MDOT Cat A grant application and required documents to the MDOT website portal on Wednesday, February 26th. Our application and documents were reviewed for completeness by our MDOT Grant Coordinator, Mike Smith on March 6th. Our application and documents were formally submitted on Friday, March 7th.
- This cycle of Cat A grant application will move through the following timeline:
 - Relative Transportation Need Committee (RTN) Meeting – April 2nd
 - Tentative Grant Award Date – May 7th
- Total project cost is \$1,308,178 for the demolition of the existing cul-de-sac, design work, traffic signal study, new cul-de-sac construction and traffic signal improvements.
- Our grant request total is \$736,778, which includes the construction of the new cul-de-sac and the traffic signal improvements at Grand River and Orndorf.
- The local grant match total is \$571,400 (43 %) which is a combination of ENA – funded demolition of the existing cul-de-sac, and the City’s engineering design work provided by our engineering budget. The vast majority of this local match is ENA-funded (nearly \$ 500,000). This is important because the non-grant funded part of the project (i.e. the local match) can be provided by any given source i.e. the “local match” does not have to be strictly city-funded. The total local match needs to be 20 % or higher.

- The resolution of support includes reference to the \$51 million of planned new investment by Eberspaecher, N.A..

The City Council will recall that the Category A program is based on the road improvement needs that result from economic development and that may encourage or facilitate new job creation projects. If the grant is approved by MDOT, the construction of the cul-de-sac and traffic signal improvements would be bid and managed by MDOT in the Spring of 2015.

STAFF RECOMMENDATION:

Staff recommends City Council approve the Category A resolution, as presented.

BUDGET IMPACT:

As stated previously, the City's traffic engineering will be provided by the City's engineering budget. The engineering design work is projected to be about 7 % of the project construction cost estimate. This is significantly lower than my usual engineering cost-related "rule of thumb" which is that engineering should be no more than 10 – 15 % of a project's construction cost.

RELATIONSHIP TO 2013/2014 GOALS: N/A

COUNCIL ACTION:

Consider approval of Resolution # _____.

Attachments:

1. Resolution of Support

Resolution _____

WHEREAS, the City of Brighton is requesting funding through a Michigan Department of Transportation (MDOT) Transportation Economic Development Fund (TEDF) Category A grant in the amount of \$736,778 with a local match commitment of \$571,400 for road improvements on Orndorf Drive and signal upgrade work at the intersection of Grand River Avenue and Orndorf related to a \$51 million expansion project proposed by Eberspaecher North America, Inc. located in the City of Brighton;

WHEREAS, the City of Brighton supports the proposed \$51 million expansion of Eberspaecher North America, Inc.;

WHEREAS, the City of Brighton supports the Orndorf Drive improvement project and traffic signal upgrade work at the intersection of Grand River Avenue and Orndorf Drive;

WHEREAS, the City of Brighton will provide at least 20 percent of the total cost of the transportation project;

WHEREAS, the City of Brighton understands that any changes to the scope of work or additional items of work must be approved by MDOT preceding or subsequent to the grant award;

WHEREAS, MDOT will make the final determination regarding eligibility for construction costs;

WHEREAS, any utility and/or sidewalk construction costs are only eligible to the extent they are necessary as a result of eligible road construction work;

WHEREAS, the City of Brighton agrees to own and maintain the improved transportation facilities; and

WHEREAS, Dana W. Foster, City Manager, is authorized to submit the MDOT TEDF Category A grant application and associated documents.

NOW, THEREFORE, BE IT RESOLVED, the City Council supports the above development and hereby authorizes submission of the MDOT TEDF Category A grant application.

Adopted the _____ of _____, 2014 by Council Action.