

September 10, 2020

Council Meeting of September 15, 2020
 Subject: Industrial Facilities Tax Exemption
 Certificate – Canteen (Compass), 7010
 Grand Haven Road

The Honorable Mayor
 and
 Members of the City Council

Ladies and Gentlemen:

A public hearing has been scheduled for the September 15, 2020 City Council meeting to consider an application from Canteen (Compass) for a new Industrial Facilities Tax Exemption Certificate for real property in the amount of \$3,341,761 and personal property in the amount of \$405,000 on the property located at 7010 Grand Haven Road. They have requested the maximum exemption of 12 years approval is limited to their lease term which is 10 years.

Attached is an analysis of the total equalized value of real and personal property presently exempted in the City of Norton Shores along with the amount applied for in the current application from Canteen (Compass). If approved, the City will initially receive \$10,257 in additional taxes and abate \$10,257 in taxes for the real and personal property included in this application. Taxes in the first year, for all taxing jurisdictions, will be \$59,890.

The vending company has been operating in neighboring jurisdictions for many years and recently moved to their new facility. The company brought their current employees, 30 full-time and 10 part-time, to the City and anticipated adding three full-time and two part-time jobs once they moved into the new building.

A resolution is attached for Council consideration.

Respectfully submitted,



Mark C. Meyers,
 City Administrator

/ss

Attachments

| | | | | | |
|---|--------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|-----------------------------------|
| Administration/City Clerk (231) 798-4391 | Assessing Division (231) 799-6806 | Building Division (231) 799-6801 | Finance/Treasurer (231) 799-6805 | Fire Prevention (231) 799-6809 | Fire Department (231) 798-2255 |
| Parks/Recreation (231) 799-6802 | Planning/Zoning (231) 799-6800 | Police Department (231) 733-2691 | Public Works (231) 799-6803 | Streets Division (231) 798-2156 | Water/Sewer (231) 799-6804 |

RESOLUTION

WHEREAS, pursuant to P.A. 198 of 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing the City Council of the City of Norton Shores by resolution established 7010 Grand Haven Road as an Industrial Development District; and

WHEREAS, Canteen (Compass) has filed an application for Industrial Facilities Exemption Certificate with respect to **real** property and **personal** property within the Industrial Development District; and

WHEREAS, before acting on said application, the City of Norton Shores held a hearing on September 15, 2020 at 5:30 p.m. at which hearing 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, 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 Norton Shores, and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Norton Shores that:

1. The City Council finds and determines that approval 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 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Norton Shores, or impairing the financial soundness of a taxing unit which levies ad valorem taxes in the City of Norton Shores.
2. WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Norton Shores, after granting this certificate, will exceed 5% of an amount equal to the sum of real and personal property thus exempted;
3. The application of Canteen (Compass) for an Industrial Facilities Exemption Certificate is hereby approved.
4. The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of _____ years.
5. The Mayor and Clerk are hereby authorized to execute a written agreement with the owner of the property relative to the terms and conditions contained within the Industrial Facilities Exemption Certificate.

At a regular meeting of the City Council of the City of Norton Shores, held remotely on the 15th day of September 2020, the foregoing resolution was moved for adoption by Council Member . The motion was supported by Council Member .

Ayes:

Nays:

Absent:

Resolution declared adopted/denied.

Shelly Stibitz, City Clerk

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 one copy of this form and the required attachments (two complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires one complete set (one original). One copy is retained by the clerk. If you have any questions regarding the completion of this form, call 517-335-7460.

| | |
|---|---|
| To be completed by Clerk of Local Government Unit | |
| Signature of Clerk <i>Alvany Stibor</i> | Date Received by Local Unit <i>2/18/2020</i> |
| STC Use Only | |
| Application Number | Date Received by STC |

APPLICANT INFORMATION

All boxes must be completed.

33-3318

| | | |
|---|--|---------------------------------|
| 1a. Company Name (Applicant must be the occupant/operator of the facility) <i>Canteen (Compass)</i> | 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) <i>Commercial and Service Industry machine manufacturing</i> | |
| 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) <i>7010 Grand Haven Road</i> | 1d. City/Township/Village (indicate which) <i>NORTON SHORES</i> | 1e. County <i>MUSKEGON</i> |
| 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input type="checkbox"/> Increase/Amendment | 3a. School District where facility is located <i>GRAND HAVEN</i> | 3b. School Code <i>70010</i> |
| 4. Amount of years requested for exemption (1-12 Years) <i>12</i> | | |

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.
Vending machine circuit board programming, Vending machine Remanufacturing, vending machine distribution, Assembly line order picking, vending routes

| | |
|---|---|
| 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. | ▶ <u><i>3,283,898</i></u> 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 | ▶ <u><i>405,000</i></u> Personal Property Costs |
| 6c. Total Project Costs * Round Costs to Nearest Dollar | ▶ <u><i>3,688,898</i></u> 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.

| | | | | |
|--------------------------------|---------------------------|-------------------------|---|--|
| | <u>Begin Date (M/D/Y)</u> | <u>End Date (M/D/Y)</u> | | |
| Real Property Improvements | ▶ <u><i>8/1/2019</i></u> | <u><i>6/1/2020</i></u> | ▶ <input type="checkbox"/> Owned | <input checked="" type="checkbox"/> Leased |
| Personal Property Improvements | ▶ <u><i>3/1/2020</i></u> | <u><i>3/1/2021</i></u> | ▶ <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. <i>30 full 10 part time</i> | 10. No. of new jobs at this facility expected to create within 2 years of completion. <i>3 Full 2 part</i> |
|--|---|

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) <i>May 21, 2019</i> | 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|---|---|

STATE EQUALIZED VALUE ANALYSIS

I. Active PA-198 as of December 31, 2019

PA-198 Real @ \$10,626,300
PA-198 Personal @ \$ 1,918,600

TOTAL: \$12,544,900

II. Estimated SEV of Applications approved after December 31, 2019

| <u>Company</u> | <u>Real</u> | <u>Personal</u> | <u>Total</u> | <u>Approved</u> |
|---------------------|-------------|-----------------|--------------|-----------------|
| EarthTronics, Inc. | \$1,505,980 | \$71,099 | \$1,577,079 | |
| Smart Vision Lights | \$1,355,005 | \$586,215 | \$1,941,220 | |

TOTAL TO DATE: \$ 3,518,299

III. Estimated SEV for current applicant – Canteen (Compass), 7010 Grand Haven Rd.:

TOTAL: \$ 1,873,381

| <u>City's Total SEV</u> | <u>SEV Exempted</u> | <u>Percent of SEV Exempted</u> |
|-------------------------|---------------------|--------------------------------|
| \$1,183,969,000 | \$17,936,580 | 1.51% |