



MEMORANDUM

DATE: September 23, 2019

TO: Mayor Christopher Eveleth, City Council, and Manager Nathan Henne

FROM: Treena Chick, Assessor

RE: Tax Abatement Application – Covenant Eyes, 1525 W King St

On September 16, 2019, the city clerk received an application for a Tax Abatement along with an application for a Real Property IFT from Covenant Eyes. Initial review indicates the applicant meets the requirements for tax abatement.

Covenant Eyes conducts ongoing research, development and maintenance of screen accountability helping members all over the world. The continued growth of this company makes it necessary for them to turn 3,500 sq. feet of empty warehouse into a fully functional customer service facility. The IFT application indicates the cost of this facility to be \$350,000 with an additional investment of \$467,000 in personal property. This expansion will retain the 192 current employees with an additional 40 new full time employees proposed offering competitive wages.

An Industrial Facilities Tax Exemption Certificate, Act 198 of 1974, is a tax abatement which reduces the tax burden by 50%. The proposed project is for expansion of the current office space within the 37,000 square foot facility and will cover 3,500 square feet of floor space. The estimated cost for this expansion is \$817,000. The applicant is applying for the IFT exemption on real property only. This exemption can be granted for up to 12 years.

An Industrial Development District for that area was established 6-19-2000. The next step is to set a public hearing for Monday, October 21, 2019 for the purpose of hearing public comments on this Real Property IFT application. The city clerk has notified the taxing jurisdictions of this application as required under the city's abatement policy and as required under the act and will forward any responses to you.

As always, if you have any further questions, please feel free to contact me at (989) 725-0530.

RESOLUTION NO.

**SETTING PUBLIC HEARING TO CONSIDER APPLICATION FOR
AN INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE
FOR COVENANT EYES, INC.
1525 W KING ST**

WHEREAS, a tax abatement application was received September 16, 2019 from Covenant Eyes, Inc. per the City of Owosso Tax Abatement Policy of June 7, 2010; and

WHEREAS, application was also received September 16, 2019 from Covenant Eyes, Inc. for a Real Property Industrial Facilities Tax Exemption Certificate; and

WHEREAS, an Industrial Development District was established June 19, 2000 for property described as:

PT OF N 1/2 OF SE 1/4 SEC 14 T7N R2E COM S 1*32 1/2' W 33' & E 418.73' FR CEN SEC 14 TO POB TH N90*00'00"E, ON S LN OF KING ST, 398.06, TH S42*7'30"E, 529.09', TH S49*29'16"W, 295.26", TH N42*07'00"W, 787.58' TO POB. 4.46 AC M/L (EX ESMTS OF RECORD); and

WHEREAS, the Industrial Facilities Tax Exemption certificate, being part of Act 198 of 1974, is available to the city of Owosso; and

WHEREAS, city of Owosso is a qualified local governmental unit and permits the city of Owosso to grant an Industrial Facilities Tax Exemption Certificate; and

WHEREAS, it was determined by city staff that the Industrial Facilities Exemption Certificate is within the guidelines of the City of Owosso Tax Abatement Policy of June 7, 2010; and

WHEREAS, notification will be sent to all taxing jurisdictions per the City of Owosso Tax Abatement Policy of June 7, 2010.

NOW, THEREFORE, BE IT RESOLVED by the city council of the city of Owosso, Shiawassee County, Michigan that:

FIRST: the Owosso City Council sets a public hearing for October 21, 2019 on or about 7:30 p.m. in the council chambers for the purpose hearing comments for those within the proposed district, governmental taxing jurisdictions and any other resident or taxpayer, of the city of Owosso.

SECOND: the city clerk gives the notifications as required by law.



September 16, 2019

Treena Chick
Assessor, MAAO
City of Owosso
301 W. Main
Owosso, MI 48867

Dear City Assessor Treena Chick,

Covenant Eyes is dedicated to showcasing its local talent and is excited about being able to bring competitive wages to Shiawassee County. With the help of Michigan Economic Development Corporation, we have been approved for a grant to expand our 1525 W. King St facility. We plan on bringing hiring 65+ employees over the next three years. We are writing you today to request a tax abatement for the first round of leasehold improvements for our expansion.

We are planning on turning 3500 sq. feet of empty warehouse space into a fully functional customer service facility. This new area will have a fully functional training room equipped for 60 employees. The goal is to hire an additional 40 Customer Service Representatives and have a centralized center for all customer service trainings during 2020-2021.

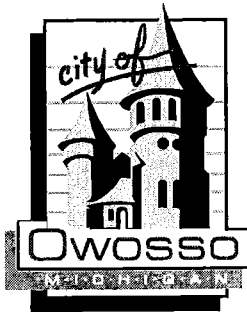
Please note that our Customer Service Representatives help members all over the world. 98% of the income generated by Covenant Eyes comes from outside of Michigan. Without the help of SEDP, MEDC and a close relationship with the City of Owosso, expansions like would have taken place on the west coast. The west coast or other countries such as New Zealand or Australia allow our customer service team to provide extended hours to our members. At this point, having local support to help us employ local talent and bring in new employees into our market is more important than expansion of service hours.

Please consider our application for the first of two expansions planned over the next two to 3 years.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Taphouse".

Chris Taphouse
Controller
Covenant Eyes
989-720-8059



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

APPLICATION FOR TAX ABATEMENT

Applicant (Official Company Name) Covenant Eyes Inc
Business Name (If Different) _____
Address of Proposed Project 1525 W. King St, Owosso MI 48867

Mailing Address (If Different) _____

Do you own the property? No If no, what is your relationship? Lessee

Type of Abatement Requested (if known) New

Total square footage of all current buildings on site 37,000 sq. feet

Description of proposed project including type of current business activity and product to be manufactured (if applicable), size of proposed structure and proposed activity and/or product.

See attached letter

Give estimated cost of the following components applicable for the proposed project:

Land improvements (excluding land): 0
Building improvements: Size 3500 sf \$ 350,000
Machinery & Equipment: \$353,000
Furniture & Fixtures: \$114,000

Time schedule for start and completion of construction and equipment installation (if applicable):
Building: Start Date TBD Completion Date Year end 2020
Equipment installation (if applicable): Start Date TBD Completion Date Year end 2020

Abatement Application
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Will project be owned or leased by applicant? Leased
Will machinery be owned or leased by applicant? Owned

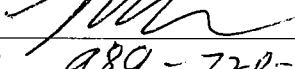
How many employees do you currently employ? Full Time 190 Part Time 2

How many new employees do you estimate after project complete? Full Time 40
Part Time 0

When project is complete, how many will be:

Management/Professional 2 Wage level \$ 55,000 annually
Skilled 8 Wage level \$ \$70,000+ annually
Semi-Skilled 30 Wage level \$ \$33,500 - 40,000 annually
Un-Skilled _____ Wage level \$ _____

Name of Company Officer (contact person) Ronald DeHaas
Title CEO

Signature  Date 9/16/19
Phone Number 989-720-8042

For City Staff Use Only

Was the applicant given a copy of Tax Abatement Policy? Y N
Is an abatement district in place for this project? Y N

If no, legal description of proposed district. _____


If yes, type of district in place 6-19-2000 Industrial Dev. + Plant Rehab Year established 4-18-1977

Does the proposed project meet the guidelines for Tax Abatement under the policy? Y N
If no, explain _____

If yes, was notice given to taxing jurisdictions within the proposed project area? Y N

If yes, was notice given to applicant and proper state documents sent? Y N

Name of reviewer Treeng Chick

Signature  Date 9-20-19