

# Memo

**To:** City Council  
**From:** Bryan Myrkle, Community Development Director  
**Date:** March 11, 2016  
**Re:** Brownfield Plan Amendment for Spartan Motors

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On your upcoming City Council agenda is a final reading and adoption of an amendment to Spartan Motors existing Brownfield Plan with the City of Charlotte.

This amendment would serve as an incentive for Spartan's planned expansion here in Charlotte.

As you will likely recall from the presentation given by Pat Sall and Casey Smith at your February 22 meeting, Spartan is planning to raze the remaining 100,000 square feet of the former Carefree Windows factory, and construct a new 80,000 square foot manufacturing facility to assemble Class 6 & 7 trucks. Spartan also intends to create at least 50 new jobs as a result of this project.

Because Charlotte has been designated as a 'Michigan Core Community' by the state, Spartan is able to seek reimbursement from their own taxes an amount equal to the environmental analysis and remediation costs, as well as the eligible costs of site preparation.

Spartan Motors, the City of Charlotte, LEAP, and the environmental consulting firm SME have worked to identify these eligible costs and prepare an amendment to the Brownfield Plan that will allow for a 'Brownfield TIF' (a tax increment financing plan) in the amount of \$972,550.

In simplest terms, this means that Spartan will pay property taxes on this new development, and then be reimbursed from these taxes over time until the payback equals \$972,550.

**This amended Brownfield Plan is included in your council packet for reference and review.**

The city's Local Development Finance Authority Board, which also serves as its Brownfield Redevelopment Authority Board, conducted a public hearing on this matter March 8, and also discussed the overall project and the total package of incentives associated with it. **After its review, the board voted unanimously to recommend its approval to the City Council.**

Because Spartan is seeking a total of \$1.67 million in local tax relief for this project, the Brownfield TIF will not be the only incentive the City Council is asked to approve in support of the project.

In order to reach that level of relief, the Brownfield Plan will need to be coupled with a more traditional (for Charlotte) Public Act 198 Industrial Facilities Tax Exemption that would eliminate 50% of the property taxes owed on this project for a period of up to 12 years. The approval of this additional tax abatement will come before the Council for consideration yet this spring.

Were it not for the PA198 abatement, we would anticipate the life of this Brownfield Plan reimbursement to be approximately 10 years. However, because Spartan's taxes would be significantly reduced if the additional tax relief is approved, it will take longer for the Brownfield reimbursement to reach \$972,550. Our estimate is 17 years, but that would be determined by future market conditions and property valuations that we cannot accurately predict today. Therefore, it's important to consider this incentive more in terms of the dollars, which are fixed at \$972,550, rather than years.

Should you have any questions about this proposal prior to your meeting on March 14, please give me a call or send an email.