

COUNCIL COMMUNICATION

From: The City Manager

Subject: Mistequay Group, LTD and Universal/DeVlieg LLC. Tool & Die Renaissance Recovery Zone

Manager's Recommendation:

I recommend approval of the proposed Tool & Die Renaissance Recovery Zone for Mistequay Group, LTD ("Mistequay") and Universal/DeVlieg LLC ("Universal/DeVlieg"). Furthermore, it is recommended that Council approve the resolution to create a Tool & Die Renaissance Recovery Zone for Mistequay and Universal/DeVlieg.

Justification:

The tool & die industry has suffered severe losses in the past few years. The losses have resulted in 65% of tool and die business closures and the loss of 34,000 jobs in the state of Michigan. In an attempt to help a distressed industry, the Michigan Legislature amended the Renaissance Zone Act to allow for the designation of 35 Tool & Die Renaissance Recovery Zones. To qualify for a zone, tool & die businesses must form a collaborative and have a written agreement with other tool & die companies to address such areas as joint sales & marketing, development of standardized processes, tooling and project management. The goal is to enhance the economic effectiveness of each company by creating and retaining jobs, increasing revenues and new investments at each company.

Mistequay located at 1156 North Niagara Street and 1212 North Niagara Street and Universal/DeVlieg located at 1156 North Niagara Street have met all the eligibility requirements and plan to join a 17-member company collaborative of southeast Michigan tool & die firms to apply to the Michigan Economic Development Corporation for a Tool and Die Renaissance Recovery Zone. Legal description as follows:

Part of the S 1/2 of the SW FRL ¼ of Sec 24, T12N, R4E & Smith & Hayden's Addition commencing at the intersection of the centerline of W Remington St & the centerline of N Niagara St, thence NE'LY along said centerline 277.68 feet to the point of beginning, thence continuing NE'LY

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along said centerline 110.62 feet to the point of deflection, thence continuing NE'LY along said centerline of Niagara St 791.2 feet. Thence S43DEG25MINE to the west bank of the Saginaw River, thence SW'LY along said river bank to a line 6 feet SW'LY of and parallel to S'LY line of Block 69, Smith & Hayden's Addition extended SE'LY, thence NW'LY along said parallel line to the point of beginning, except the SW'LY 190 feet, also except the NW'LY 33 feet taken for N Niagara St.

Mistequay employs approximately 59 employees at its City locations. In addition, Mistequay and its employees support local retailers/suppliers in the City of Saginaw and throughout the County. To date, employees have paid \$30,599.00 in City withholding taxes, which is expected to continue given current employment levels. While certain real and personal property taxes would be abated under the Tool and Die Renaissance Recovery Zone, other voted millages (including City of Saginaw Police & Fire (assessment), school debt, Community Hospital debt and Juvenile Home debt would continue to be paid by the companies. In addition, the state will reimburse school operating, Saginaw ISD special education and operating, Delta College, Saginaw Public Library and the State Education Tax.

Council Action:

Council _____ moved that the recommendation from the City Manager be approved.