



High-Tech MEGA Projects Guidelines and Policy

Adopted by Novi City Council on July 28, 2008

Recent legislation has amended the requirements for local government participation in grants to businesses under the Michigan Economic Growth Authority Act (MEGA). Before these recent amendments, the MEGA Board and the Michigan Economic Development Corporation (MEDC), which processes the grants, tended to require (or at least push) local participation in the form of property tax abatements, typically under what is referred to as Act 198. As revised, the provisions of the MEGA statute relating to the "local share" refer only generally to "staff, financial, or economic assistance provided by the local government unit, or local economic development corporation or similar entity." MCL 207.808(2)(f). According to its own recent publications, the MEDC appears to be reading that language broadly to require only generally that "[t]he local government or a local economic development organization where the project is located must provide economic assistance to support the proposed expansion or location."

Generally speaking, the amount and nature of City participation would be relatively low cost, and emphasize infrastructure and public improvements as a first choice for local participation. City participation on MEGA projects will also be confined to an up-front, known amount and should generally not involve multi-year property tax abatements. From Novi's perspective, the local function is to help encourage projects that are selecting the City for the merits of the location but who need a "final mile" encouragement to close the decision.

It is therefore the policy of the City is to avoid the granting of tax abatements (e.g., under PA 198) for these types of projects in favor of participating in infrastructure and required public improvement. Funds would be allocated as a budgeted line item that would not be used unless a project presents itself and deems beneficial to the City of Novi under the following guidelines:

INCOMING BUSINESS that wish to become eligible for local contribution:

- **Business must provide a letter of intent** outlining the project and request for local contribution from the City of Novi. Letter should include information that details:
 - history of company
 - years in current location
 - local job creation plan
 - total capital investment
 - estimated personal property investment
 - actual address of desired location or possibilities
- **Participation only in High Tech MEGA projects.** Businesses that are primarily engaged in a "high technology activity" or that use at least 25% of total operating expenses for research and development may qualify for the MEDC credit, which are the types of companies we wish to attract and retain in Novi. Eligible activities are outlined through the MEDC guidelines.
- In accordance to current tax abatement policy, job creation is a priority in offering incentives. It is recommended that such **companies create a minimum of ten new jobs in the first year and 25 no later than the fifth year.**
- It is recommended that these jobs have a **minimum average salary of \$50,000 per employee.**
- City to look for **long-term/stable business** that can demonstrate and substantiate growth by providing appropriate documentation.
- Prefer business to **own building**; allowing flexibility for **long-term lease (a minimum of 10 years)** of a building would be recommended in order to give the company future flexibility for expansion.

CITY OF NOVI will provide:

- Funds would be allocated for public infrastructure improvements such as drive approach, road curb-cuts, pervious asphalt, traffic signage and/or bioswale/rain garden, to be determined upon submission of final site plan.
- Expeditious review process and inspection times.
- Staff support and coordination of the project.

*For more information on MEGA and other economic development issues, please contact Ara Topouzian, Economic Development Manager for the City of Novi. Ara can be reached at (248)347-0583 or atopouzian@cityofnovi.org
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