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TO: COUNCIL MEMBERS 
FROM: David Whitaker, Director 
Legislative Policy Division Staff
DATE: July 12, 2019
RE: Coyote Logistics, LLC, Application for a New Personal Property Exemption Certificate in the area of 1700 W Fort Detroit, MI, in accordance with Public Act 328 of 1998 **PUBLIC HEARING**

The following is the Legislative Policy Division's (LPD) review of the Public Act 328 abatement request of Coyote Logistics.

Personal Property Tax Relief in Distressed Communities (Public Act 328 of 1998)

Public Act 328 of 1998 allows distressed communities to abate all new personal property taxes in certain geographic areas in order to spur economic development carried out by an industrial firm or by an entity conducting mining, research & development, wholesale trade, or office operations. Abatements include all millage, state and local. All new personal property installed by an eligible business after local approval is 100% exempt from personal property taxes for a specified period determined by the local unit of government.

Coyote Logistics is a third-party logistics company that provides North American shippers a variety of transportation services. Coyote was acquired by UPS in 2015, but continues to operate as a separate entity. The company provides Collaborative Transportation Management, supply chain outsourcing and multimodal solutions to customers. The company will be transferring 175 employees from its Novi location to Detroit and expects to hire an additional 300 employees over three years, beginning in 2020.¹

¹Its current operations in Ann Arbor in the 777 East Eisenhower building will close..., according to the MEDC. Build-out would take place in 2019 and hiring would start in early 2020. *Source: Logistics company mulls Detroit operations with 300 employees near Corktown*, Kirk Pinho, Crain's Detroit Business <https://www.crainsdetroit.com/real-estate/logistics-company-mulls-detroit-operations-300-employees-near-corktown>

In October 2018, the Michigan Strategic Fund has approved a conditional \$1.5 million grant for the possible project.² The City must commit some form of local support for this award to be granted. The company considered Denver Co. as an option.

Company: Coyote Logistics, LLC

New Personal Property Exemption, PA 328 of 1998 as amended – Newly purchased personal property is 100% exempt from personal property taxes for the lifetime of the abatement; abatement period to be set by the local government		
DEGC Length Recommendation	11 Years	
Location		
Address	1700 W Fort	
City Council District	District 6	
Neighborhood	Corktown	
Located in HRD Targeted Area	Yes, Greater Downtown	
Building Use		
Total Square Foot Occupying	58,000	
Commercial Square Foot	58,000	
Leasing Information		
Coyote Logistics will be occupying two floors of the building and will sign an 11 year lease.		
Underwriting		
	Detroit	Denver
City Property Tax Rate	3.68%	2.24%
City Income Tax Rate	2.40%	1.15%
Estimated Employee Municipal Payroll Taxes	\$2,358,356	\$965,851
Sources and Uses		
Total Investment	\$3.6M	
Sources	\$3.6M Company Equity (100%)	
Uses	\$2.6M Real Property Tenant Improvements (72%), \$1M New Personal Property (28%)	
Project Benefits		
Estimated Jobs	175 FTE transferred initially, 300 additional by 2023	
Average Salary	\$33,137	
Estimated benefits before tax abatement	\$9,567,355	
Total estimated value of PA 328 abatement	\$91,590	
Less cost of services & utility deductions	\$4,214,414	
Net Benefit to City	\$5,261,352	

² Logistics company mulls Detroit operations with 300 employees near Corktown, Kirk Pinho, Crain's Detroit Business

Conclusion

The estimated value of PA 328 abatement to Coyote Logistics, is estimated at \$91,590. Based on Coyote Logistics' \$3.6 million investment, the project is estimated to create 175 employees in addition to 300 new jobs over a 4-year period and its projected positive cost benefit to the City of Detroit of \$5,261,352.

Please contact us if we can be of any further assistance.



1700 W Fort³

cc: Auditor General's Office
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³ Kirk Pinho/Crain's Detroit Business

