

I am Peggy c. I live two blocks north of this meeting room. My husband and I have resided in Toledo for 35 years. My children have never known another hometown.

One aspect of this flawed proposal is a retail developer's appeal for an Enterprise Zone designation requiring a tax abatement. Here's a 2002 Blade quote from current Toledo City Councilman Rob Ludeman, Chair of Council's Regional Growth and Development Committee, in support of an Enterprise Zone designation to revitalize the dying Southwyck. It died anyway. And Mr. Ludeman first that using abatements for retail breaking new ground in tax give-aways.

*Said it was the first time we were*  
"We have to look at the **magnitude of this (retail)project** and say it's a very limited, specific use for abatement. **I don't think you want to go ahead and do that for every business.**"

He was right then. And, should he vote against this Enterprise Zone tax abatement proposal, he would be EVEN MORE RIGHT NOW. A credible comparison of Bob's Discount Furniture and TJ Maxx on Secor Road to, say, a Jeep Plant is virtually impossible. Enterprise Zone designation, as Harry said, was meant for a completely different purpose than retail—any retail.

If I were a fan of tax abatements—and I am not because the entire country is now in a relentless, cut-each-others'-throats capitulation, giving substantial advantage to corporate welfare recipients—but if I were a fan, I'd contrast the magnitude of 1997 Toledo abatements given to Jeep with their promise of 4,900 jobs as compared to this proposal which is promising 63 jobs, 2/3rds of which are part-time. There is no comparison.

Harry covered the costs to Toledo taxpayers eating the developer's costs of doing business. I want to cover two more reasons council should vote no. That is, jobs and wages AND the quality and need for the products this development will offer.

### **On Jobs:**

As Harry mentioned, the developer is a venture capital firm head-quartered in San Diego. That venture capitalist's application for the Enterprise Zone was signed by their principals. Unless there is something which hasn't been revealed to the community, that venture capitalist is NOT a principal in either Bob's Discount Furniture or TJ Maxx at this time. Do they have any legal standing to sign for these taxpayer hand-outs?

How can that venture capitalist/developer possibly guarantee any jobs by two other companies? How can they guarantee wages paid for those jobs? They have no jurisdiction over staffing, hiring and firing or wage decisions for Bob's Discount Furniture or for TJ Maxx.

Surely, the store owners or management have detailed numbers NOT available to the property developer regarding comparable store sales, costs of doing business, employee wages, employee staffing needs, economic outlook for their products and market analyses, all of which will impact the sustainability of the jobs and wages as well as the sustainability of this start-up

enterprise itself. The property developer cannot accurately make these projections absent this level of detail.

If the developer is not a principal in these two retail stores it cannot possibly contractually commit to the business practices of the two companies.

### **On Wages:**

At my request, in January, the City's Economic Development Commissioner sent a copy of the application submitted by Niki Toledo for Enterprise Zone Tax Abatement. He sent me this document—just 5 pages—signed by a Niki principal at the bottom.

However, it was just this last weekend that I came to review a BLANK City of Toledo Enterprise Zone Tax Abatement form. Instead of a 5-page document, the blank form is an 8-page document which a Tax Abatement applicant submits. If anything, the extra three pages provides even more questions which must be asked.

For example, Niki Toledo is claiming a payroll of \$1,845,000 for the two retail stores not subsidiary to this venture capitalist, and Niki is claiming 63 jobs, with 23 being full-time jobs and 40 being part-time jobs. The blank application shows us that part-time jobs are calculated using a "Full Time Equivalent" or FTE of 40 hours per week. So, Niki's job promises must be recalculated.

It appears that instead of 63 jobs, there will be 23 full-time jobs and only 20 Full Time Equivalent jobs. That's a net gain—even if this development doesn't kill other competitors—that's a net gain of a mere 43 jobs. The number of job-promises becomes more paltry by the hour. But the taxpayer is on the hook to the developer via abatements for 15 years.

As he told me on January 30, the City's Economic Development Commissioner will tell you that these jobs meet the requirements of Toledo's Living Wage Ordinance. That ordinance says that companies receiving a tax abatement hand-out must pay wages of 110% above federal poverty levels while providing health insurance and 130% above poverty levels if health insurance is not provided. Compliance with this requirement will mean that in 2020, wage rates for each cashier, stocker and warehouse person will need to be a minimum of \$13.86 per hour with health insurance and \$16.38 without health insurance.

Sadly, these are by no means realistic wages being paid by retailers in Toledo, Ohio. But the developer is claiming even loftier wages, with part-time workers receiving \$14 to \$18 per hour. How many stores with even luxury products are paying part-time cashiers and stockers at these rates?

What if the strategy is to: Step 1) Inflate the total jobs promised to make it sound more appealing to the City, 2) further promise to pay a defined living wage from that ordinance, 3) get their asbestos remediated by taxpayer funds, then 4) later appeal for a waiver on

compliance with the living wage ordinance when they can claim they are under the required 50 positions for financial assistance?

Does their \$1.8 million payroll include management bonuses and overtime pay which further reduces the pool from which low-wage workers draw? Further, Bob's Discount Furniture advertises nationwide that their sales staff works on commission and seems to require claw backs if a salesperson doesn't meet sales goals.

To make matters worse, both Toledo and the entire state have a long history of not adequately auditing tax abatements, even though they are subject to annual audit by something called the Tax Incentive Review Council. Each municipality is required by state law to have such a council. The evidence is scant that Toledo is fulfilling the requirements of those annual audits. The City's website is silent on who the council members are, how often they meet, or whom they have held accountable for more than 20 years. Media reports are absent on this record as well.

### **ON THE PRODUCTS THEY CARRY**

Bob's Discount Furniture cannot be the best retail possible for the site. In fact, given the intensity of retail development in this area, while at the same time witnessing a collapsing bricks-and-mortar retail economy, the City of Toledo should be careful. Insult to injury is added when those retail developments are sub-par for the quality of the goods sold. But what takes this proposal to new levels of insult AND injury is the awarding of tax abatements.

At the Better Business Bureau accredited website called Consumer Affairs, customers can post product reviews. Here's an analysis of Bob's customer reviews since January, 2017, where many, many reviewers posted photographs of their broken, torn, and yes, bed bug infested merchandise from Bob's Discount Furniture:

#### **779 Reviews total**

- **1 Star: 714 people (some begrudged giving even 1 star)**
- **2 Stars: 19 people**
- **3 Stars: 10 people**
- **4 Stars: 2 people**
- **5 stars: 34 people**

The vast majority gave Bob's an F. But It gets worse. Bob's Discount Furniture has an utterly unreasonable return policy:

"It's the Bob's Way to be open, honest and clear! So here's our simple refund and return policy. You may cancel your order for a full refund at any time up until you take possession of your furniture. Once you receive your furniture it **cannot be returned** with a few exceptions..."

This is clearly not a company hellbent on pleasing customers. The product quality is questionable and product returns are a rare exception. Shouldn't Toledo's Development

Department have asked: With this type of track record, how does this company manage to stay in business? And why would Toledo want it?

### **TJ Maxx**

By supporting this proposed development, the City Toledo will be complicit in supporting sweatshop labor. The Los Angeles Times, reporting on a 2016 U.S. Department of Labor investigation, found in part that:

**“...One worker in West Covina (California) made as little as \$3.42 per hour during three weeks of sewing TJ Maxx clothing.”**

Yet, TJ Maxx’s parent company CEO was paid **1,500 times higher than the median employee of the company**, according to the Boston Business Journal. That ratio “is one of the highest in the country.”

**In summary:** We could go on. But: Enterprise Zone Tax Abatements were never intended for a retail company providing the equivalent of 43 full time jobs. We don’t need this development. We don’t need substandard wages and substandard products. We do need to stop shifting the tax burden from corporations onto the backs of Toledo citizens. And we need to monitor and audit all the companies we’ve already given abatements to.