



Legislation Details (With Text)

File #: O-113-22 **Version:** 1 **Name:**

Type: Ordinance **Status:** Approved

File created: 2/28/2022 **In control:** Economic Development Department

On agenda: 3/15/2022 **Final action:** 3/15/2022

Title: Authorizing the Mayor to enter into an Amendment to the Toledo Expansion Incentive (TEI) Agreement with Libbey Glass LLC; waiving the TEI guidelines and conditions as authorized under Ordinance 487-07 and 431-11; and declaring an emergency.

Sponsors:

Indexes:

Code sections:

Attachments: 1. First Amendment

Date	Ver.	Action By	Action	Result
3/15/2022	1	City Council	Suspension	Pass
3/15/2022	1	City Council	Emergency	Pass
3/15/2022	1	City Council	Passage	Pass

Libbey Glass TEI Amendment
 Department of Economic Development
 Brandon Sehlhorst (x1692) / Steven Powell (x1044)
 Revised

Authorizing the Mayor to enter into an Amendment to the Toledo Expansion Incentive (TEI) Agreement with Libbey Glass LLC; waiving the TEI guidelines and conditions as authorized under Ordinance 487-07 and 431-11; and declaring an emergency.

SUMMARY & BACKGROUND:

Libbey Glass LLC (“Libbey”) is one of the largest makers of glass tableware in the world. The company designs and markets an extensive line of high-quality glass tableware, ceramic dinnerware and metal flatware for sale primarily in the foodservice, retail and business-to-business channels of distribution.

The company has a long history in Toledo. In 1888, Edward Drummond Libbey relocated his glass company to Toledo and constructed a manufacturing plant on Ash Street. The Ash Street plant has been manufacturing glass products for over 134 years and represents one of the longest operating plants in the country. In addition to the Ash Street plant, Libbey’s corporate headquarters is located in Downtown Toledo and the company operates an outlet store at the Erie Street Market. Libbey remains one of the City’s largest employers.

In June 2020, Libbey filed for Chapter 11 bankruptcy for the first time in its 202-year history. The company cited the unprecedented impact of the coronavirus pandemic on demand for its products. As part of the Chapter 11 bankruptcy process, Libbey was required to submit a proposal to its creditors and the court that financially restructured the company by reducing costs and right sizing manufacturing capacity to align with lower market demand. The company was faced with the difficult decision to close one of its North American manufacturing plants in either Toledo, Ohio or Shreveport, Louisiana. The closure of one plant would allow the company to

transfer capacity to the other facility and improve cash performance in the near term.

Libbey’s decision to close the Toledo plant would impact 844 fulltime equivalent jobs that represent approximately \$44 million in annual payroll and over \$1 million in income tax proceeds to the City of Toledo. The closure would have a significant negative impact on the local economy and a profound impact to the City’s moniker as The Glass City.

The City, in partnership with the state economic development agency JobsOhio, provided an incentive package to help make the case to company leadership, creditors and the court to maintain manufacturing operations in Toledo. The incentive package helps offset the proposed and necessary \$33,000,000 capital investment in the 134-year-old Ash Street facility. Based in part on proposed incentives from the City and JobsOhio, Libbey agreed to maintain its plant operations and employment in Toledo and is in the process of consolidating production from Shreveport, Louisiana into the Toledo plant.

The Administration is requesting that Council support Libbey’s commitment to the City by amending and extending its Toledo Expansion Incentive (“TEI”) Agreement between the City and Libbey, dated February 11, 2011 for an additional ten (10) years through December 31, 2030. The TEI program provides a monetary, performance-based grant to a company that commits to the creation of jobs and payroll within the City of Toledo. The grant is based on the actual growth in municipal income tax that is generated from the new jobs and payroll associated with the company’s project. The amendment to the existing TEI Agreement would provide a TEI grant equal to 30% of the municipal payroll income tax generated from annual payroll over \$50 million. All TEI grants to be paid in any year are authorized by appropriation ordinances.

NOW, THEREFORE, Be it ordained by the Council of the City of Toledo:

SECTION 1. That the Mayor is authorized to execute an Amendment to the Toledo Expansion Incentive (“TEI”) Agreement with Libbey Glass, LLC., originally authorized by Ord. 568-10 and dated February 11, 2011, for the purposes of extending the Agreement term an additional 10 years from December 31, 2020 through December 31, 2030 and upon such other terms and conditions that the Mayor and the Department of Economic Development find to be just, reasonable and in the best interest of the City.

SECTION 2. That for the purpose of the Agreement authorized in Section 1 Council waives the requirements, terms and conditions of the TEI guidelines authorized by Ordinance 487-07 and 431-11.

SECTION 3. That the expenditure of funds pursuant to the amended agreement authorized in Section 1 is approved subject to annual General Fund appropriations.

SECTION 4. That this Council finds that the granting of such incentive to Libbey Glass LLC is an appropriate and effective method of creating and retaining employment opportunities in the City of Toledo.

SECTION 5. That this Ordinance is declared to be an emergency measure and shall be in force and effect from and after its passage. The reason for the emergency lies in the fact that the same is necessary for the immediate preservation of the public peace, health, safety and property, and for the further reason that the Ordinance must be immediately effective in order to forthwith encourage economic development in the City of Toledo.

Vote on emergency clause: yeas _____, nays _____.

Passed: _____, as an emergency measure: yeas _____, nays _____.

Attest: _____
Clerk of Council

President of Council

Approved: _____

Mayor

I hereby certify that the above is a true and correct copy of an Ordinance passed by Council

_____.

Attest: _____
Clerk of Council