



Legislation Text

File #: O-292-22, Version: 2

AMENDMENT TO COLONY DEVELOPMENT AGREEMENT

Department of Economic Development
B Sehlhorst (x1692)
Revised

Authorizing the Mayor to enter into an amended Development Agreement with Toledo Colony Apartments, LLC and Colony-Concord Hotel, LLC for the Colony Development Project for the purposes of amending the terms to eliminate the Developer's commitment to reimburse the City \$700,000 for relocation of the public storm sewer, eliminate the obligation of the Developer to construct the Commercial Development component of the Project and require the Developer and/or its general contractor and/or contractor of whatever tier to enter into a Project Labor Agreement with the Northwest Ohio Building and Construction Trades Council; making certain findings with respect thereto; and declaring an emergency.

SUMMARY & BACKGROUND:

The Colony Development Project involves the redevelopment of 10.8 acres in west Toledo into a \$58 million mixed use development. The project consists of a 262-unit residential development, known as the Colony Lofts, that will include a club house, Old Bag of Nails restaurant and a space for a retail business. The Developer also planned to construct a 120-room Home2 Suites hotel by Hilton.

Ordinance 188-2020 authorized the Mayor to enter into a Development Agreement with Toledo Colony Apartments, LLC and Colony-Concord Hotel, LLC for the Colony Development Project. The purpose of the Development Agreement is to outline roles, responsibilities and financial commitments necessary to complete the project.

One of the biggest obstacles to developing the property is the existing location of a 48-inch public storm sewer that is currently located within and divides the site. In addition to the requirement to relocate the storm sewer, the City's Comprehensive Ditch Plan recommends upsizing the 48-inch pipe to a 72-inch. As such, the Parties agreed that the Developer would pay for the cost to relocate the storm sewer (\$700,000) and the City would pay for the cost to upsize the storm sewer (\$749,840). The City agreed to pay the costs of both project components (\$1,449,840) from the unappropriated balance of the Storm Water Replacement Fund and be reimbursed \$700,000 by the Developer for its portion of the project.

The Colony Development Project has been delayed due to the impacts of the COVID-19 pandemic on construction pricing. Since 2020, the cost to construct the Colony Apartments has increased 29% resulting in \$8,688,782 in additional cost to the project. Due to the immense increase in the cost of the project, the Developer is not able to move forward without a reduction of Developer's costs for public infrastructure.

Due to the impacts of COVID-19 on travel and tourism and the volatility of construction pricing and interest rates, the Developer is unable to commit to construct the 120-room Home2 Suites hotel by Hilton, as outlined in the Development Agreement. It is still the Developer's goal to construct the hotel when market conditions

are favorable.

The redevelopment of the Colony is a priority economic development project for Toledo that will create 262 residential units and generate new revenue for the City. The proposed relocation and upsizing of the public storm sewer will result in a net public benefit that will improve flow and expand capacity for storm water during large rain events. As such, this Ordinance authorizes the Mayor to enter into an amended Development Agreement with Toledo Colony Apartments, LLC and Colony-Concord Hotel, LLC for the purposes of amending the terms to eliminate the Developer's commitment to reimburse the City \$700,000 for relocation of the public storm sewer. Further, the amended development agreement shall include a term requiring the Developer and/or its general contractor and/or contractor of whatever tier to enter into a Project Labor Agreement with the Northwest Ohio Building and Construction Trades Council.

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

SECTION 1. That the Mayor is authorized to enter into an amended development agreement with Toledo Colony Apartments, LLC and Colony-Concord Hotel, LLC for the Colony Development Project for the purposes of amending the terms to eliminate the Developer's commitment to reimburse the City \$700,000 for relocation of the public storm sewer and to eliminate the Developer's obligation to construct the Commercial/Hotel component of the Project. Further, the amended development agreement shall include a term requiring the Developer and/or its general contractor and/or contractor of whatever tier to enter into a Project Labor Agreement with the Northwest Ohio Building and Construction Trades Council.

SECTION 2. That the agreement and needed instruments shall contain other terms and conditions deemed necessary and proper by the Mayor, the Department of Law and the Department of Economic Development.

SECTION 3. That it is found and determined that all formal actions of Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of Council and that all deliberations of Council and any of its committees that result in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22, Ohio Revised Code.

SECTION 4. That this Ordinance is declared to be an emergency measure and shall take effect and be in force immediately from and after its passage. The reason for the emergency lies in the fact that same is necessary for the immediate preservation of the public peace, health, safety and property and for the further reason that this Ordinance must be immediately effective to facilitate redevelopment of the property.

Vote on emergency clause: yeas 12, nays 0.

Passed: June 7, 2022, as an emergency measure: yeas 12, nays 0.

Attest:

Gerald E. Dendinger
Clerk of Council

Matt Cherry
President of Council

Approved:

June 8, 2022
Wade Kapszukiewicz
Mayor