



Legislation Text

File #: O-039-20, **Version:** 1

Enterprise Zone Former Elder-Beerman
Economic Development
B. Sehlhorst (x1692)
(Revised)

Approving the proposal of Niki Toledo for the expansion of their retail establishment within the Toledo Enterprise Zone; making certain findings and determinations in connection therewith; approving and authorizing the execution of an agreement and other documents, which grant real property tax exemptions; and declaring an emergency.

SUMMARY & BACKGROUND:

Niki Toledo I LLC; Niki Toledo II, LLC; Stanley Toledo, LLC c/o The Niki Group, LLC (“Niki”) located at 3311 Secor Road, Toledo, will construct approximately 50,000 square feet of retail space in two buildings. Niki will invest an estimated total of \$12,746,560, including \$8,499,160 in real property. This expansion would have a beneficial impact on the health of the Toledo economy.

As a result of this project, Niki will create twenty-three (23) new full-time job positions and forty (40) new part-time job positions. Currently, there are zero (0) existing full-and-part-time jobs at the site. The Remediation Abatement (defined below) will commence for Niki at the earliest date permitted under applicable Ohio law following the effective date of this Ordinance. The Remediation Abatement shall continue to benefit the parcel and the Improvement Abatement (defined below) will commence once the project is complete.

Niki has submitted a written proposal, on the form prescribed by Chapter 5709 of the Ohio Revised Code (herein called the “Proposal”). The proposal will involve new investment in the minimum amount of \$8,499,160 in real property.

The city of Toledo would grant a fifty percent (50%) tax exemption for fifteen (15) years of the assessed valuation of the Project real property prior to remediation (the “Remediation Exemption”) and a one hundred percent (100%) tax exemption for fifteen (15) years on the increase in the assessed valuation of the Project real property after the remediation (the “Improvement Exemption”). The Washington Local School District (“District”) has agreed to the tax exemptions provided for herein in exchange for a Service Payment, to be entered into between Niki and the District, in an amount equal to one hundred percent (100%) of what the District would have received if not for the Remediation and Improvement Exemptions. Further, in exchange for the Service Agreement, the Washington Local Board of Education agrees to waive and release any and all rights it may have pursuant to Ohio Revised Code section 5709.82 or otherwise to share in the increased income tax revenue collected by the City of Toledo and resulting from the Project.

This project is in conformance with the Toledo’s Enterprise Zone Tax Exemption Policy as established by Ord. 94-95 and Ohio Revised Code section 5709.62. Washington Local School District Board of Education was notified of the application on December 30, 2019.

The fiscal impact of this ordinance is as follows:

- The amount of funds requested: Not Applicable
- The expenditure budget line item: Not Applicable
- New revenue generated (operational revenue, grants, if any): Not Applicable
- Revenue budget line item (if any): Not Applicable
- Are funds budgeted in the current fiscal year (yes/no)?: Not Applicable
- Is this a capital project (yes/no)? No
- If yes, is it new or existing (new/existing)? Not Applicable
- What section of the City's Strategic Plan does this support:
 - o Excellence in Basic Services (yes/no) No
 - o Quality Community Investment (Livable City, Development) (yes/no) Yes
 - o Workplace Culture & Customer Service (yes/no) No
 - o Environment (yes/no) No

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

SECTION 1. That based upon the investigation of the Proposal, supporting information, and recommendations, this Council hereby finds and approves an enterprise zone tax exemption for the remediated property and a tax exemption for new investments in real property created by Niki at their expanded Toledo property located in the city of Toledo, Enterprise Zone.

SECTION 2. That pursuant to Ordinance No. 94-95, passed February 28, 1995, by Ordinance No. 326-85, passed May 7, 1985, by Resolution No. 250-87, adopted Nov. 10, 1987, and by Resolution 160-91, passed December 31, 1991, the city of Toledo designated an area described therein as an "Urban Jobs and Enterprise Zone" under Chapter 5709 of the Ohio Revised Code (herein called the "Toledo Enterprise Zone"), declared that incentives for business will enhance efforts to promote the viable and diverse economic activity necessary for the rejuvenation of the Toledo Enterprise Zone, and declared a policy relative to eligibility for tax incentives in connection therewith. For the purpose defining a facility under Ohio Revised Code section 5709.61, the city of Toledo is designated as an impacted city under Ohio Revised Code section 1729.01. The city of Toledo Enterprise Zone Policy was amended by Ordinance No. 735-96, passed October 22, 1996, Ordinance No. 87-01, passed January 23, 2001, Ordinance No. 794-01, passed October 2, 2001, by Ordinance No. 307-03, passed April 29, 2003, and by Ordinance No. 57-06, passed January 31, 2006.

SECTION 3. That Council specifically approves a tax exemption for real property pursuant to Section 5709.62(C)(2) of the Ohio Revised Code, as further set forth in the Agreement, which Agreement is marked with the same number as this Ordinance and is on file in the Office of the Clerk of Council, and that, as specified in the Agreement, said exemption shall consist of a fifty percent (50%) exemption for fifteen (15) years of the assessed valuation of the Project real property prior to remediation (the "Remediation Exemption") and a one hundred percent (100%) tax exemption for fifteen (15) years of the increase in the assessed valuation of the Project real property after the remediation (the "Improvement Exemption"). The Remediation Exemption shall commence at the earliest date allowable under Ohio law after the effective date of this Ordinance. The Improvement Exemption shall commence in the first year in which, but for that exemption, the real property investment identified as the project, or portion of said project, would otherwise become taxable. All project related exemptions shall end on the fifteen-year anniversary date of the commencement of the initial project related exemption.

SECTION 4. That Council specifically approves the form and content of the Agreement, which

Agreement is incorporated herein by reference and made a part hereof as if fully rewritten herein, and the mayor is authorized to execute the aforesaid Agreement on behalf of the city with Niki.

SECTION 5. That Council waives the policy provision of the Toledo Enterprise Zone guidelines that the Proposal should obtain a recommendation from the Industrial Development Committee (“IDC”) for the reasons that the Proposal is time sensitive and, as there have been no other Enterprise Zone applications in approximately a decade, there is no presently constituted IDC.

SECTION 6. That the mayor, Director of Economic Development, Director of Law, and other appropriate city officials are authorized to execute such other agreements, instruments, documents, and certifications, and to take such other actions as may be necessary or appropriate in connection with the full implementation of the Proposal and the Agreement in order to further evidence the approvals and consents of the city of Toledo to the various matters and actions approved and authorized herein.

SECTION 7. That it is found and determined that all formal actions of Council concerning and relating to the passage of this Ordinance were taken in an open meeting of Council, and that all deliberations of Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including those of Section 121.11 of the Ohio Revised Code.

SECTION 8. 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 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 enable the City to expedite the redevelopment of the Toledo Enterprise Zone, and to eliminate and prevent the recurrence of blighted conditions therein.

Failed: February 25, 2020: yeas 1, nays 11

Attest:
Gerald E. Dendinger
Clerk of Council

Attest: _____
Clerk of Council