



Legislation Text

File #: O-233-20, **Version:** 1

Imagination Station Roof Project
Economic Development
B. Sehlhorst (x1692)
(Revised)

Authorizing the mayor to enter into an amendment to the existing lease, as amended, on the city-owned property known as Imagination Station, which amendment will provide that the City will pay for certain improvements to said property in a principal amount of \$1,375,000 with the costs of the improvements to be financed by the City through the Port Authority under the Northwest Ohio Advanced Energy Improvement District with repayment by way of special assessment, and further requiring the Toledo Science Center to pay to the City all special assessment costs of financing the principal amount of \$275,000 for roof related improvements; making findings and determinations related thereto; repealing Ordinance 38-20; authorizing the execution and recording as appropriate of necessary documents; and declaring an emergency.

SUMMARY & BACKGROUND:

The city owns the property located at One Discovery Way (the “Property”) and leases it to the Toledo Science Center, commonly referred to as Imagination Station.

In 2019, IST Theatre LLC and the Toledo Science Center began construction on the 300-seat large format digital KeyBank Discovery Theater project expansion of the Imagination Station facility. The project expands the existing city-owned building by approximately 8,200 square feet and includes retail, exhibit space, and other building improvements at a total estimated cost of more than \$12,000,000. The project is currently under construction and expected to be complete in fall 2020.

Ordinance 206-19 authorized the city to pay a special assessment through the Northwest Ohio Advanced Energy Improvement District not to exceed \$400,000 for energy efficiency improvements to be made to the overall Imagination Station property as a part of the KeyBank Discovery Theater project. Ord. 206-19 also authorized the execution of a Second Amendment to and Assignment of Lease dated May 20, 2019, which, in addition to assigning the lease to the Toledo Science Center from the Ohio Facilities Commission, extended the lease for an additional 30 years.

In recent months, the building’s three original air handler units broke down. Two units were repaired while the third unit is unrepairable. The air handlers are primarily used for the building’s air conditioning system and are nearly 34 years old. The average life expectancy of an air handler unit is 15-20 years. The cost to replace all three air handler units is \$700,000. Ordinance 038-20 amended Ord. 206-19 to authorize the city to increase the amount to be financed through special assessment through the Northwest Ohio Advanced Energy Improvement District by \$700,000 to an amount not to exceed \$1,100,000. However, as the Lease Amendment authorized by Ord. 206-19 was executed prior to Ord. 38-20, this Ordinance requests the repeal of Ord. 38-20 and reauthorization of the \$700,000 in this Ordinance for transparency and clarity purposes, as this increase in the special assessment would need to be addressed in the amendment authorized under this Ordinance.

In addition to the new KeyBank Discovery Theater and aforementioned building improvements, Imagination Station would like to repair, replace and treat the facility's roof. The metal roof is original and dates back to 1984. There are several leaks throughout building that are primarily related to the skylights that will be fixed as a part of the roof project. The roof repair, replacement, treatment project is estimated to cost \$275,000.

Imagination Station would like to finance the \$275,000 roof project through the Northwest Ohio Advanced Energy Improvement District, which will be repaid through a special assessment on the property over 15 years as part of the same financing with the prior authorized improvements of \$1,100,000. Imagination Station will be required to pay to the city an amount equal to all special assessment costs (including costs of debt service) related to the additional \$275,000 of authorized assessment through the Northwest Ohio Advanced Energy Improvement District. The City will remain responsible for payment of the special assessment charges for the prior authorized \$1,100,000 in principal and related interest and financing charges.

This Ordinance authorizes the mayor to enter into an amendment to the Lease Agreement providing that the City will finance up to \$1,375,000 in improvements through the Northwest Ohio Advanced Energy Improvement District payable through special assessments, and require the Toledo Science Center to pay the City an amount covering all costs (including interest and other related financing costs or charges) of the annual special assessment related to the \$275,000 for the roof repairs.

Upon completion and approval of the projects and financing documents, City Council will have to pass an ordinance to levy an Energy Special Improvement District ("ESID") special assessment totaling \$1,375,000.

The fiscal impact of this ordinance is as follows:

- The amount of funds requested: \$700,000 (plus interest and fees paid over multiple years through special assessments paid by the general fund)
- The expenditure budget line item: 1001-16400-5000436STDSTD
- New revenue generated (operational revenue, grants, if any): N/A
- Revenue budget line item (if any): 1001-16400-5000436STDSTD
- Are funds budgeted in the current fiscal year (yes/no)?: N/A
- Is this a capital project (yes/no)? Yes (but is not part of City's CIP)
- If yes, is it new or existing (new/existing)? New
- What section of the City's Strategic Plan does this support:
 - o Excellence in Basic Services (yes/no) Yes
 - o Quality Community Investment (Livable City, Development) (yes/no) Yes
 - o Workplace Culture & Customer Service (yes/no) NoEnvironment (yes/no) Yes

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

SECTION 1. That the mayor is authorized to execute a Third Amendment to the Amended and Restated Lease Agreement dated June 16, 1994, as amended by the Amendment to Lease dated January 29, 1998 and the Second Amendment to and Assignment of Lease dated May 20, 2019, for the city-owned property referred to as Imagination Station, having an address of One Discovery Way, currently leased by the Toledo Science Center (the "Property") for the purpose of agreeing that the City shall authorize an Energy Special Improvement District special assessment on the Property to finance improvements having a principal amount of not more than \$1,375,000 as specified in Section 2 in a form and with such other terms or conditions as may be

required by the Mayor and the Director of Law.

SECTION 2. That Council finds and determines it is in the best interest of the City and the city-owned Property that certain improvements to the Property in the principal amount of \$1,375,000 be made to the Property and financed through the Toledo-Lucas County Port Authority and by the Northwest Ohio Northwest Ohio Advanced Energy Improvement District and payable through special assessment, of which the total costs associated with \$1,100,000 of improvements (and related interest and other financing costs), inclusive of such amounts authorized under Ordinance 206-19, shall be the responsibility of the City and \$275,000 of the authorized improvements (together with related financing interest and financing costs) shall be required to be reimbursed to the City by the Toledo Science Center or its assignees or successor(s) in interest in accordance with the repayment schedule as shown in Exhibit A, subject to final adjustments prior to closing in the repayment schedule.

SECTION 3. That the mayor is authorized to accept and deposit payments from the Toledo Science Center into the General Fund, Account Code 1001-16400-5000436IMAGIN for costs associated with the authorized roof improvements in accordance with the repayment schedule as shown in Exhibit A, subject to final adjustments prior to closing in the repayment schedule.

SECTION 4. That, subject to available appropriation in future years, the expenditures of the payment amounts received from the Science Center are authorized from the General Fund, Account Code 1001-16400-5000436IMAGIN for costs associated with the authorized roof improvements in accordance with the repayment schedule as shown in Exhibit A, subject to final adjustments prior to closing to the repayment schedule and authorization of the special assessments.

SECTION 5. That Ordinance 38-20 is hereby repealed.

SECTION 6. That the mayor is authorized to execute and deliver a petition and other needed instruments with the Northwest Ohio Advanced Energy Improvement District for the purpose of providing qualifying energy improvements for the city-owned Property, subject to further approval by Council of the related assessment ordinance.

SECTION 7. That agreements authorized by this Ordinance, including the Third Amendment to the lease authorized in Section 1, or a memorandum thereof, may be properly recorded in the appropriate public record.

SECTION 8. That the mayor and other city officials as appropriate are authorized to take such proper actions and execute necessary documents, agreements and instruments, subject to applicable terms and conditions approved by the Director of Law, to consummate the transaction authorized by this Ordinance.

SECTION 9. 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 this Council, and that all deliberations of this Council and of any of its committees or subcommittees that resulted in such formal action were in meetings open to the public in compliance with law.

SECTION 10. 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 to carry out the public purpose of encouraging the cultural, educational, and downtown redevelopment opportunities in the City of Toledo, and to enable the Imagination Station project to move forward in time for current construction season.

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