



Legislation Details (With Text)

File #: O-112-22 **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 a 10-year, 10% Municipal Jobs Retention Tax Credit ("MJRTC") Agreement with Libbey Glass LLC; and declaring an emergency.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Agreement

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 MJRTC

Department of Economic Development

Brandon Sehlhorst (x1692) / Steven Powell (x1044)

Revised

Authorizing the Mayor to enter into a 10-year, 10% Municipal Jobs Retention Tax Credit ("MJRTC") Agreement with Libbey Glass LLC; 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 in North Toledo. 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 consolidating production from Shreveport, Louisiana into the Toledo plant.

The Administration is requesting that Council support Libbey's commitment to Toledo by providing a Municipal Jobs Retention Tax Credit ("MJRTC") as part of the City's incentive package to retain Libbey's manufacturing plant. The City of Toledo's MJRTC program provides a non-refundable tax credit on a company's municipal net profits tax liability based on retained jobs and associated annual payroll. The City's MJRTC incentive offer is for 10% of the total annual retained payroll of \$46,374,099 for a term of 10 years based on the retention of 844 fulltime equivalent jobs.

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

SECTION 1. That in consideration of and conditioned upon Libbey Glass LLC maintaining its manufacturing operations in Toledo, retaining 844 jobs with an associated annual payroll of \$46,374,099, and investing an estimated \$33,000,000 at their Ash Street facility, resulting in preservation and improvement of the economic conditions of the city and region, this Council approves and authorized the Mayor to enter into a not-to-exceed 10%, 10-year Municipal Job Retention Tax Credit Program agreement with Libbey Glass LLC.

SECTION 2. That the Mayor, Director of Law and Director of Economic Development are authorized to execute such Agreements, instruments, documents and certifications and to take such other actions as may be necessary in connection with the full implementation of the MJRTC agreement.

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

SECTION 4. 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