

RESOLUTION NO. 017-18R

A RESOLUTION ACCEPTING AND APPROVING THE CITY OF SANDUSKY TAX INCENTIVE REVIEW COUNCIL'S (T.I.R.C.) RECOMMENDATIONS REGARDING CURRENT TAXATION AGREEMENTS; AND DECLARING THAT THIS RESOLUTION SHALL TAKE IMMEDIATE EFFECT IN ACCORDANCE WITH SECTION 14 OF THE CITY CHARTER.

WHEREAS, the City of Sandusky's Tax Incentive Review Council met on March 6, 2018, to review the City's tax increment financing agreements, enterprise zone agreements and community reinvestment area abatements and the Chairman of the T.I.R.C., the County Auditor, has submitted the T.I.R.C.'s recommendations to this City Commission on March 15, 2018, a copy of which is marked Exhibit "A" attached to this Resolution and specifically incorporated as if fully rewritten herein; and

WHEREAS, pursuant to O.R.C. Section 5709.85(E), this City Commission is required to hold a meeting within sixty (60) days of receipt of the T.I.R.C.'s recommendations and vote to accept, reject, or modify all or any portion of the T.I.R.C.'s recommendations and to forward a copy of this Resolution together with the Commission's recommendations to the Erie County Auditor's Office; and

WHEREAS, this Resolution should be passed as an emergency measure under suspension of the rules in accordance with Section 14 of the City Charter to ensure compliance with the statutory timeline in the O.R.C. Section 5709.85(E); and

WHEREAS, in that it is deemed necessary in order to provide for the immediate preservation of the public peace, property, health, and safety of the City of Sandusky, Ohio, and its citizens, and to provide for the efficient daily operation of Municipal Departments, including the Department of Community Development, of the City of Sandusky, Ohio, the City Commission of the City of Sandusky, Ohio, finds that an emergency exists regarding the aforesaid, and that it is advisable that this **Resolution** be declared an emergency measure which will take immediate effect in accordance with Section 14 of the City Charter upon its adoption; and NOW, THEREFORE

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SANDUSKY, OHIO, THAT:

Section 1. This City Commission accepts and approves the City of Sandusky Tax Incentive Review Council's recommendations as set forth in Exhibit "A" which is attached to this Resolution and is specifically incorporated as if fully rewritten herein.


Section 2. The Clerk of the City Commission be and is hereby directed to certify a copy of this Resolution together with any modifications, if any, to the Erie County Auditor.

Section 3. If any section, phrase, sentence, or portion of this Resolution is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent


provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 4. This City Commission finds and determines that all formal actions of this City Commission concerning and relating to the passage of this Resolution were taken in an open meeting of this City Commission and that all deliberations of this City Commission and of any of its committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

Section 5. That for the reasons set forth in the preamble hereto, this Resolution is hereby declared to be an emergency measure which shall take immediate effect in accordance with Section 14 of the City Charter after its adoption and due authentication by the President and the Clerk of the City Commission of the City of Sandusky, Ohio.



DENNIS E. MURRAY, JR.
PRESIDENT OF THE CITY COMMISSION

ATTEST: 

KELLY L. KRESSER
CLERK OF THE CITY COMMISSION

Passed: March 26, 2018

RICHARD H. JEFFREY

ERIE COUNTY AUDITOR

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March 15, 2018

Sandusky City Commission
City of Sandusky, Ohio
222 Meigs Street
Sandusky, Ohio 44870

The Tax Incentive Review Council for the City of Sandusky, Ohio met on Tuesday March 6, 2018 in the Erie County Commission Chambers, 2900 Columbus Avenue, Sandusky Ohio.

The following Council members were in attendance:

- Richard Jeffrey, Erie County Auditor (Chair)
- Eric Wobser, City Manager, City of Sandusky
- Hank Solowiej, Finance Director, City of Sandusky
- Richard Brady, City Commissioner, City of Sandusky
- Gina Deppert, CFO/Treasurer, Sandusky City Schools
- Dru Meredith, Vice President of Operations/Marketing & Strategic Planning, Firelands Regional Medical Center

Absent Council members were:

- JoAnn Bonner, Citizen Delegate, City of Sandusky

Also in attendance were:

- Maria Muratori, Development Specialist, City of Sandusky
- Debi Eversole, Administrative Assistant, City of Sandusky
- Sharon Johnson, member of the general public
- Zach Rospert, Erie Regional Planning Commission
- John Rogers, Erie County Auditor's Office
- Toni Fritz, Erie County Auditor's Office

Chairman R. Jeffrey called the meeting to order at 3:10 P.M. with the following items reported on or discussed:

1. MINUTES OF THE MARCH 1, 2017 MEETING:

The minutes of the March 1, 2017 meeting were reviewed. On a motion by H. Solowiej and second by G. Deppert, the minutes were unanimously approved as presented.

2. APPOINTMENT OF COUNCIL MEMBERS:

M. Muratori requested the appointment of D. Meredith to the CRA. She added that there is one more vacancy as G. Steinemann will no longer be on the CRA.

3. APPOINTMENT OF VICE-CHAIRMAN:

R. Jeffrey requested the appointment of a Vice-Chairman. H. Solowiej nominated G. Deppert as Vice-Chairman. E. Wobser seconded the motion, which was unanimously approved.



ENTERPRISE ZONE AGREEMENTS:

4. CEDAR FAIR, L.P. (NEW ADMINISTRATION BUILDING):

M. Muratori noted that this is a 10 year, 100% abatement. As of 12/31/17 the company had 75 full-time administrative employees with 17 new administrative employees and \$1,788,857 of new annual administrative payroll. An analysis by employee address indicates that 54 of 75 (72%) of all administrative employees are Erie County residents. The 2017 net abatement after \$10,000 in scholarships was \$93,108. All scholarship payments and monitoring fees have been paid on time. Ms. Muratori recommended the continuance of the abatement. This is the final year for this abatement.

On a motion by E. Wobser and second by G. Deppert, the Council voted unanimously on continuation of this agreement.

5. CHRIS ANDREWS, LLC – OPERATING AS OHIO TRUCK SALES

M. Muratori informed the Council that this is a new agreement that is a 10 year, 75% abatement on the cost of improvements. The project includes the construction of a new 13,200 square foot building and new 500 square feet of office and other site improvements including concrete work and fencing. Total project investment is estimated at over \$1,200,000. In addition, the Company expects to install \$200,000 - \$225,000 in furniture and fixtures for the project. The Company is to create ten (10) new full-time permanent positions. The first monitoring fee of \$200 is due 4/15/18. Ms. Muratori recommended the continuance of the agreement as currently constituted.

On a motion by H. Solowiej and second by D. Meredith, the Council voted unanimously on continuation of this agreement.

6. S+S REALTY, LTD COMFORT INN “RAIN” PROJECT

M. Muratori informed the Council that this is a 10 year, 100% abatement. As of 12/31/17 the company has 63 full-time employees (77 including part-time) with \$476,528.40 in payrolls. 59 of the 63 employees (94%) are Erie County residents. All compensation agreements and monitoring fees have been paid with the latest credited on 3/29/17. 2017 was the last year for this abatement and no action needed to be taken.

7. S+S REALTY, LTD HOLIDAY INN EXPRESS

M. Muratori informed the Council that this is a 10-year 75% abatement. As of 12/31/17 the company has a total of 72 employees with \$405,906.09 in payroll attributable to the new employees. 15 of the total employees are full-time permanent positions and 57 are part-time permanent positions. 69 of the 72 employees (96%) are Erie County residents. All of the fees have been paid. Ms. Muratori recommended the continuance of the agreement. It expires in 2025.

On a motion by D. Meredith and second by H. Solowiej, the Council voted unanimously to recommend continuation of the agreement.

8. ADJOURNMENT OF TIRC/OPENING OF THE HOUSING COUNCIL/REVIEW OF COMMUNITY REINVESTMENT AREA TAX ABATEMENT 3:20 P.M.

The following Council members were in attendance:

- Richard Jeffrey, Erie County Auditor (Chair)
- Hank Solowiej, Finance Director, City of Sandusky
- Peter McGory, Attorney, Tone, Grubbe, McGory and Vanmeeren, Ltd.
- Gina Deppert, CFO/Treasurer, Sandusky City Schools
- Michael Will, Citizen Delegate, City of Sandusky
- Dru Meredith, Vice President of Operations/Marketing & Strategic Planning, Firelands Regional Medical Center (Proposed)

9. APPOINTMENT OF COUNCIL MEMBERS:

P. McGory moved to appoint D. Meredith to one of the vacant seats of the CRA. M. Will seconded the motion. The Council unanimously voted to appoint D. Meredith as a member of the CRA.

10. REIGER PLACE/BUCKEYE COMMUNITY TWENTY-TWO, LP

M. Muratori informed the Council that this is a 10 year, 75% abatement for the costs associated with the renovation of the formerly vacant property commonly called the Rieger or the Sanduskian. As of 12/31/17, the project has created two (2) full-time permanent positions and two (2) part-time permanent positions, exceeding the requirements outlined in the agreement. The payroll associated with the new employment is \$54,752.90, versus the \$50,000 contained in the agreement. An insurance company is the only current tenant in the ground level commercial spaces. Prospective tenants exist, but nothing is final. The first three fees of \$500 were received on June 10, 2013, July 1, 2014 and March 25, 2015. The fourth fee of \$613.54 was received on 4/8/16 and the fifth fee of \$879.68 was received on March 28, 2017. Ms. Muratori recommended the continuance of the abatement; however, she stated that they will be closely monitored over the next year to determine whether or not it will continue. In addition to already receiving the tax abatement, they have lowered their taxes tremendously by reducing their appraised value to just over \$1,000,000 when it was initially \$3,419,030. Furthermore, according to a separate loan agreement with the City, they are supposed to pay 5% of their gross commercial rents. In order to avoid these payments, Buckeye has entered into a master lease agreement to a related entity that pays only \$10.00 per year and subsequently receives the rents. Ms. Muratori stated that this is the reason that they will officially be put on notice this year to determine whether to continue with the agreement for the future.

Chairman R. Jeffrey stated that the agreements need to set limits to establish what the baseline is in writing to protect the school and the city. The true value and taxable value are two separate things. He used the example that “for the duration of the agreement, the value of the property cannot be below this value”. If that phrase is in writing, in the agreement, there would be nothing to debate. He agreed that they should be monitored closely.

M. Muratori stated that she would recommend continuing with the agreement because Buckeye has made strides on employment and payroll numbers. She clarified that the terms to pay 5% of the gross commercial rents was a stipulation of a revolving loan with the City. When Buckeye was put on warning last year and asked to increase employees and payroll, it complied. For this reason, M. Muratori recommended continuing the agreement but monitoring closely in 2018. Chairman R. Jeffrey agreed that they are not in violation of the CRA Agreement, but recommended using the base value language in any future agreements.

On a motion by M. Will and second by P. McGory, the Council voted unanimously to recommend continuation of the agreement.

11. K+T PROPERTY MANAGEMENT AND DEVELOPMENT, LLC:

M. Muratori informed the Council that this is a 10-year 100% abatement for the costs associated with the renovation of property at 300–310 East Water Street, (Southeast corner of Water and Hancock Streets). The project consists of conversion of the building into one (1) unit of retail space and ten (10) condominiums. Residential abatements started on six (6) of the residential units (three have since expired) at 5YR/50% abatement and the commercial unit receives a 10YR/100% abatement. All payments have been on time and M. Muratori recommended continuation of the agreement.

On a motion by M. Will and second by P. McGory, the Council voted unanimously to recommend continuation of this agreement.

12. SANDCITY, LLC:

M. Muratori informed the Council that this is a 10-year 75% abatement for the costs associated with the renovation of properties at 234 – 240 Columbus Avenue, 256 Columbus Avenue and 115 E. Washington Row. The project includes the renovation of three (3) architecturally distinct historic buildings into one 68,000+ square foot (51,000 leasable square feet) approximately \$11.4 million mixed-use development. The project consists of new City Hall administrative offices for the City of Sandusky, three (3) renovated retail spaces and eighteen (18) market rate apartments in the remaining leasable space. The renovation shall consist of the demolition and construction necessary for the return to productive use of currently vacant, blighted commercial buildings into a mixed use development. Construction is expected to be complete by the end of 2018. Construction wages in 2017 were \$83,067. The project is expected to have twenty (20) to twenty-five (25) new full-time positions (excluding City Hall employees). The first fee will be due 4/15/18.

On a motion by D. Meredith and second by M. Will, the Council voted unanimously to recommend continuation of this agreement.

13. SANDUSKY RENAISSANCE PROPERTIES, LLC:

M. Muratori informed the Council that this is a 5-year, 75% abatement. Early in 2014 the project was completed and rented to Cesare Avallone who has opened his Hearth Brickoven Restaurant in part of the space and subsequently has moved his restaurant Zinc Brasserie into the building. Total project investment as of 12/31/17 was \$325,112 (not including acquisition and equipment). As of 12/31/17, there were 12.34 new full time equivalent jobs created. Reported payrolls were above expectations at \$213,389. Ms. Muratori recommended the continuance of the abatement, which expires in 2018.

On a motion by P. McGory and second by D. Meredith, the Council voted unanimously to recommend continuation of this agreement.

14. TIER III, LLC:

M. Muratori informed the Council that this is a 10-year 75% abatement to offset a portion of the property tax costs associated with the renovation and occupancy of the building located at 223 W Water Street (Erie County, Ohio permanent parcel number 56-00079.000). The first phase of the hotel is now open and operating. Total project investment as of 12/31/17 was \$1,400,000. As of 12/31/17, the project has created twenty-seven (27) new employees with a total payroll of \$185,000. The annual monitoring fees have been paid on time. Ms. Muratori recommended the continuance of the abatement.

On a motion by P. McGory and second by G. Deppert, the Council voted unanimously to recommend continuation of this agreement.

15. WINDAU HOLDING LTD - RESIDENTIAL:

M. Muratori explained that this abatement is covered by the residential portion of the city’s CRA legislation which grants a 5 year-50% abatement for significant improvements to residential property. The abatement is based on the appraised value of the improvements. The project includes the redevelopment of a vacant building at 219 E. Water Street into an upscale rental residence – totaling 1,400+ square feet. The total project investment was \$185,000. The City completed an annual exterior inspection of the property on February 28, 2018. The property is in exceptional physical condition and compliant with all applicable City building and housing codes.

Since this property remains in sound physical condition, the abatement is continued automatically.

16. ZELLER GAMING ENTERPRISES, LLC:

M. Muratori informed the Council that this is a 5-year 75% abatement on the cost of improvements of the building located at 142 Columbus Avenue. The total project investment was \$395,000 with an additional \$5,000 spent for new personal property through 12/31/17. The Company has a total of 22 employees (15 FTEs) as of 12/31/17 with \$75,046.13 in payroll figures, which is slightly lower than expectations but the restaurant has not been open a full year. The first fee will be due in April 2018 and M. Muratori recommended the continuance of the abatement.

On a motion by P. McGory and second by D. Meredith, the Council voted unanimously to recommend continuation of this agreement.

TAX INCREMENT FINANCING AREAS

17. CHESAPEAKE TAX INCREMENT FINANCING:

M. Muratori informed the Council that this TIF was created in 2004, requiring that all deposits into the TIF account be expensed on certain municipal improvements including, but not limited to, land acquisition, relocation, demolition, parks, streets, utilities, public buildings - all intended to promote further development within the TIF district. In 2017, there was \$632,640.64 in receipts. In the same time, there was \$430,469.73 in expenses. As such, at 12/31/17, the balance was \$822,879.65. M. Muratori recommended the continuance of the existing agreement as currently constituted. The length of the TIF is 30 years.

On a motion by P. McGory and second by D. Meredith, Chairman R. Jeffrey asked what the purpose of the TIF was. E. Wobser stated that the TIF is proposed to be used for the Shoreline Drive and Jackson Street Pier Projects. With no further discussion, the Council voted unanimously to recommend continuation of this agreement.

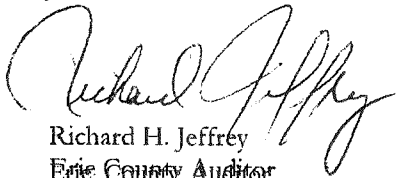
Chairman R. Jeffrey encouraged the City to look to assist the County with projects once some of the major projects within the City are complete.

18. AJOURNMENT:

Chairman R. Jeffrey adjourned the meeting at 3:47 P.M.

Please feel free to contact the undersigned with any questions regarding these recommendations.

Sincerely,



Richard H. Jeffrey
Erie County Auditor

Chairman of the Tax Incentive Review Council

cc: Steve Poggiali, Enterprise Zone Manager