

RESOLUTION NO. 022-24R

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, 2024, 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 April 10, 2024, 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

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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.



RICHARD R. BRADY
PRESIDENT OF THE CITY COMMISSION



ATTEST:

CATHLEEN A. MYERS
CLERK OF THE CITY COMMISSION

Passed: April 22, 2024

RICHARD H. JEFFREY

ERIE COUNTY AUDITOR

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April 10, 2024

Sandusky City Commission
240 Columbus Ave
Sandusky, OH 44870

The Tax Incentive Review Council (TIRC) and Community Reinvestment Area Housing Council (CRAHC) for the City of Sandusky, Ohio met on Wednesday, March 6, 2024, at 1:03 pm in the Erie County Commission Chambers, 2900 Columbus Avenue, Sandusky Ohio. The following Council members were in attendance:

- TIRC
 - Richard Jeffrey, Erie County Auditor (Chair)
 - Yvonne Anderson, Sandusky City Schools
 - Michelle Reeder, Finance Director, City of Sandusky
 - John Orzech, Interim City Manager, City of Sandusky
 - Dennis Murray, City of Sandusky
 - Margie Irby
- CRAHC
 - Richard Jeffrey, Erie County Auditor (Chair)
 - Yvonne Anderson, Sandusky City Schools
 - Michelle Reeder, Finance Director, City of Sandusky
 - Mike Zuilhof, Planning Commission, City of Sandusky
 - Dennis Murray, City of Sandusky

Also, in attendance were:

- Colleen Gilson, City of Sandusky Community Development Director
- Quinn Rambo, City of Sandusky administrative assistant/ clerk
- Heather Walters, Erie County
- John Rogers, Erie County Auditor's Office
- Sharon Johnson, citizen

Drew Meredith was unable to attend the meeting and marked absent.

ELECTION OF VICE CHAIR:

Richard Jeffrey called for a nomination of Vice Chair and stated Michelle Reeder offered to continue as Vice Chair. John Orzech made a motion to nominate Michelle Reeder for Vice Chair and Dennis Murray seconded the motion. All voting members were in favor of the motion.

CONSIDERATION OF MARCH 1, 2023, MEETING MINUTES:

Richard Jeffrey asked for a motion on the minutes of the March 16, 2023, meeting. Dennis Murray made a motion to approve the minutes as presented. The motion was seconded by John Orzech. A vote was called, and the minutes were approved as presented, unanimously.

First items to be voted on fell under the TIRC; therefore, the members eligible to vote included Richard Jeffrey, Yvonne Anderson, Michelle Reeder, John Orzech, Dennis Murray, and Margie Irby. The Community Reinvestment Area Agreements members eligible to vote included Richard Jeffrey, Yvonne Anderson, Michelle Reeder, Mike Zuillhof, and Dennis Murray.

Enterprise Zone Program

300 Water Street Properties, LLC:

Richard Jeffrey asked Mrs. Gilson to share the information on the enterprise zone agreement recipients. Colleen Gilson presented the report information for the 300 Water Street Properties, LLC. The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2028. The project included the renovation and adaptive reuse of a 2,400 square foot, former residential condominium unit and commercial space into a larger commercial condominium unit. The total project investment exceeded the required levels, and the property is occupied by Water Street Financial. As of December 31, 2023, the company has exceeded the job creation and annual payroll commitments with (7) jobs and related payroll of over \$2M at the site.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and Yvonne Anderson seconded the motion. Margie Irby asked if City of Sandusky residents were given preference when the hiring process was taking place because that was one of the stipulations in their agreements. There was discussion about how that could be added to the form for future reporting. Dennis Murray amended the motion to add whether the company was showing resident preference to their hiring procedures. The amended motion was seconded by Michelle Reeder. A vote was called for the original and amended motions, and all members unanimously approved both motions.

Bay Boat Storage:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2030. The project included the construction of a heated indoor marina storage

building measuring 60,000 square feet at 1531 First Street. The project was estimated to cost \$1.5M and create 3 new full-time jobs with new payroll of \$120,000. Construction on the project was completed in August 2020 and exceeded anticipated investment. As of December 31, 2023, the company has met the requirement of the of job creation with 3 jobs and new payroll of \$139,782.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and John Orzech seconded the motion. All voting members unanimously approved the motion.

Chris Andrews, LLC (dba Ohio Truck Sales):

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2028. The project included the construction of new storage and industrial space measuring nearly 14,000 square feet at 1801 George Street. The project was estimated to cost \$1.4M and create ten new full-time jobs. Construction on the project was completed in early 2019. As of December 31, 2023, the company has exceeded the job creation and annual payroll commitments with 96 new jobs and an annual related payroll of \$7.3M at the site.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Dennis Murray made a motion to continue the agreement and John Orzech seconded the motion. All voting members unanimously approved the motion.

Everwild Spirits, LLC:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2031. The project included the renovation of an existing building into a craft bourbon distillery and tasting room. The project was estimated to cost \$1.3M and create 3 new full-time jobs. The project is complete. As of December 31, 2023, the company had invested \$1.9M in the project, created 3 FTE positions with an annual payroll of \$238,145 at the site.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and Dennis Murray seconded the motion. All voting members unanimously approved the motion.

Feick Building LLC:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2033. The project included the renovation of the eight story, 60,000 square foot building at 158 Market Street. In January 2022, the EZ Agreement was amended to reflect the new project scope. The new scope involves the development of 42 market rate apartments on the 7 upper floors of the building and a retail space/restaurant/office/resident lobby on the ground floor. In December 2023, the agreement was amended for a second time to reflect exemption

period. Construction of the apartment units is complete and are nearly 80% occupied. Ground floor retail/restaurant is not yet leased. The agreement states the company will employ between 12-14 new FTE positions by December 31, 2026. As of December 31, 2023, the company reported the creation of 2 new FTEs with an attributed new payroll of \$2,320.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and John Orzech seconded the motion. asked if the retail space was included in the count towards job creation. Colleen Gilson stated that was correct. Richard Jeffrey called for a vote and all members unanimously approved the motion.

Firelands Federal Credit Union:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31, 2033. The project included the demolition of an existing structure and the construction of a new facility at 329 W Perkins. The agreement called for the investment of \$2.49M and the creation of 1 new FTE and the retention of 4 positions at the new location. The project was completed in the Fall of 2023. As of December 31, 2023, the company reported the hire of 1 FTE with related payroll of \$1,031 (note: new hire date was December 4, 2023).

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and John Orzech seconded the motion. Dennis Murray asked if Firelands Federal Credit Union was able to retain all existing jobs. Colleen Gilson answered that all the positions from the Columbus Avenue location were relocated to the new location on Perkins Avenue. Richard Jeffrey called for a vote and all members unanimously approved the motion.

Gundlach Sheet Metal Works, Inc.:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2028. The project included the construction of 6,250 square feet of new warehouse space at 910 Columbus Avenue. The project was estimated to cost \$1M and create 4.5 new full-time jobs. The project was completed in Fall 2018 and exceeded anticipated investment. As of December 31, 2023, the company has exceeded the job creation and annual payroll commitments reporting 10 new full-time employees with an annual related payroll of \$588,819 at the site.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. John Orzech made a motion to continue the agreement and Michelle Reeder seconded the motion. All voting members unanimously approved the motion.

Huntley Building, LLC:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2028. The project included the renovation of a commercial building measuring 30,000 square feet. The project was estimated to cost \$2.5M and create ten new full-time jobs. The project was completed at a cost of more than \$2.8M and the building houses multiple food, beverage, and entertainment tenants. As of December 31, 2023, the company has exceeded the job creation and annual payroll commitments reporting 18 new full-time employees with an annual related payroll of \$180,000 at the site.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and Dennis Murray seconded the motion. All voting members unanimously approved the motion.

Market Street Collective, LLC:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2030. The project included the renovation of the 11,000 square foot Cardinal Grocery Store at 317 E. Washington Street into a modern food hall at a total cost of \$2M. The project was required to create eight new full-time jobs. At present, the project has not moved forward. The property owner met with City staff in Fall of 2023, at which time they reported their desire to move forward with a modified development plan. To date, no formal request has been made to amend the EZ agreement to reflect project details or timeline.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and Dennis Murray seconded the motion. Dennis Murray asked that there was no financial impact to continue the agreement. Colleen Gilson stated that was correct. All voting members unanimously approved the motion.

Name One, Yellowstone, LLC:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2031. The agreement called for the investment of at least \$450,000 and the creation of three full-time employment positions because of the project. The project was completed in the summer of 2022 at a total cost of just over \$2M. The company reported zero full-time employees and payroll at the site as of December 31, 2023. A follow up conversation with the owner led to the understanding that while full time positions or annual payroll have not been reported, there are 11 jobs that are associated with operation of The Washington Bldg. There are 5 positions that provide services on site at The Washington Building including: (6) positions that are members of an outside agency – (5) from Best Stay Concepts that provide services in booking stays at the location and 1 independent contractor that provides marketing and social media services.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Dennis Murray made a motion to continue the agreement and John Orzech seconded the motion. Margie Irby asked about how they were meeting their agreement requirements when all the employees were outside contractors. Colleen Gilson stated that last year it was requested to follow up with the owner because of what was reported. Colleen Gilson spoke with the owner and contracted positions were then added to their report. Dennis Murray stated that even if the employees were outside contractors, they were still paying payroll taxes. Richard Jeffrey added that because they were outside contractors, the owner was probably unable to provide the contractors' salaries. Margie Irby wanted the owner to be made aware of the requirements of the agreement. Richard Jeffrey called for a vote and all voting members unanimously approved the motion.

RDMJD, LLC (dba Ahner Commercial):

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2032. The project included the renovation of the former YMCA building on Perkins Avenue at a total cost of \$150,000. The project remains under construction and per the County Auditor, abatement activity has not yet taken place. The company committed to creating 7 new full time employment positions at the site. As of December 31, 2023, the company reported \$175,000 invested and reported 4 jobs created with \$52,000 in new annual payroll.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. John Orzech made a motion to continue the agreement and Michelle Reeder seconded the motion. All voting members unanimously approved the motion.

Renalssance Too, LLC (125 - 131 E. Water Street):

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2030. The project included the renovation of two vacant buildings at a cost between \$1.54-\$1.67M and retaining 14 employees (10 permanent and 4 seasonal employees). The project is complete at a cost of over \$3M. As of December 31, 2023, the company reported 12 employees with \$130,532 in annual payroll.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and John Orzech seconded the motion. Richard Jeffrey called for a vote; Dennis Murray abstained from the vote, but all other voting members approved the motion.

Resort School, LLC:

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2030. The project included the construction of a five-story building at 250 E. Market Street. The mixed-use project was estimated to cost \$13.6M and create ten new full-time jobs. Construction was completed in late 2020 at a total cost of \$14M. On-site employment by

BGSU as of December 31, 2023, was 9 full-time equivalent positions with an annual payroll of \$612,539.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue the agreement and John Orzech seconded the motion. Richard Jeffrey called for a vote and all voting members unanimously approved the motion.

S & S Realty, LTD (Holiday Inn Express – Phase I):

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2025. The project included the construction of a new five story Holiday Inn featuring 73 rooms. The project was estimated to cost \$6M. The agreement for Phase I required the creation of 15 new full-time employees, 20 part-time employees and 3 full-time temporary employees which would result in new annual payroll of approximately \$331,000. The project was completed in 2016. As of December 31, 2021, the company had invested over \$6M. Colleen Gilson asked to continue with the information for phase II because the projects were related.

S & S Realty, LTD (Holiday Inn Express – Phase II):

The Enterprise Zone Agreement provided a 75% abatement for ten years, expiring on December 31st, 2029. The project included the construction of a five-story building adding 66 rooms to the site. The project was estimated to cost \$5.7M and create 15 new jobs. As of December 31, 2023, the company had invested over \$5.2M.

Since the projects are related and construction happened in phases, job creation and associated annual payroll was reported together. As of December 31, 2023, job creation for both projects and annual payroll is as follows: FTE	36	\$1,269,742.78
PTE	45	\$ 381,036.24
Temp FT	5	\$32,456.31
Total	86	\$1,683,235.33

Staff recommended continuing the agreements for both phases. Richard Jeffrey called for a motion. Michelle Reeder made a motion to continue both agreements and John Orzech seconded the motion. Richard Jeffrey called for a vote; Dennis Murray abstained from the vote, but all other voting members approved the motion.

Tax Increment Financing District Reviews

Richard Jeffrey continued that for the TIF Districts, it was not required to have a motion or vote, and just an update was given. Colleen Gilson provided an update on the following Tax Increment Financing Districts.

Chesapeake TIF:

This 30-year Tax Increment Financing District was created in 2004 to fund private redevelopment projects and/or municipal improvements including, but not limited to, land acquisition, relocation, demolition, parks, streets, utilities, public buildings. In 2023, revenues totaled \$583,455 and expenses totaled \$801,397. Expenses included property tax collection and project costs associated with the Jackson Street Pier and downtown redevelopment. The fund balance at the end of 2023 was \$154,679.

Cleveland Road TIF:

This 30-year Tax Increment Financing District was created in 2018 to fund public infrastructure improvements such as trails, paths, parks, streets, sidewalks, water and sewer lines, and acquisition of real estate. The Sandusky Schools receive 10% of all annual revenues. In 2023, revenues totaled \$646,106 and expenses totaled \$340,405. Expenses included debt service payments on public improvements related to the Sports Force Parks and payments to the School District. The fund balance at the end of 2023 was \$935,456.

Downtown TIF:

This 30-year Tax Increment Financing District was created in 2018 to fund public infrastructure improvements such as trails, paths, parks, streets, sidewalks, water and sewer lines, and acquisition of real estate. The Sandusky Schools receive 10% of all annual revenues. In 2023, revenues totaled \$118,684 and expenses totaled \$12,668. Expenses included property tax expenses and a payment to the School District. The fund balance at the end of 2023 was \$300,525.

Cooke Building Improvement Section 41 TIF:

This 30-year Section 41 TIF was created in 2021 and 2023 was the first year collecting revenue. In 2023, revenues totaled \$288,311 and expenses totaled \$252,993. Expenses included service payments to the building owner and payments to the School District. The fund balance at the end of 2023 was \$35,318.

Community Reinvestment Areas

Rick Jeffrey reminded Staff to investigate putting the same people on both the CRA Housing Council and the TIRC, so that there was no concern over having a quorum for these meetings. John Orzech stated the City would investigate changing the members.

Buckeye Community Twenty-Two, LP (Rieger Place):

The Community Reinvestment Area Agreement provided a 75% abatement for ten years, expiring on December 31st, 2024. The project consisted of the renovation of the Rieger Place building into retail units and 37 income restricted senior housing units. The company committed to

investing \$5M and creating two full-time employment positions through the project. As of December 31, 2023, the company had invested \$6.1M and had two full time employees at the site.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Mike Zuilhof made a motion to continue the agreement and Dennis Murray seconded the motion. All voting members unanimously approved the motion.

SandCity, LLC:

The Community Reinvestment Area Agreement provided a 75% abatement for ten years, expiring on December 31st, 2029. The project consisted of the renovation of three historic buildings on Columbus Avenue into a mixed-use development with an estimated investment of \$11.4M and the creation of 25 full-time employment positions with new payroll of \$600,000 (approximate). As of December 31, 2023, the company reported 35 positions with \$474,082.67 in annual payroll.

Tax Abatement Compliance	Payroll \$	# of Employees	
Firelands	\$ 328,824.74	7	
City Hall		31	*Exempt
Vita	\$ 145,257.93	28	
	<u>\$ 474,082.67</u>	<u>35</u>	

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Dennis Murray made a motion to continue the agreement and Mike Zuilhof seconded the motion. All voting members unanimously approved the motion.

Tier 3, LLC:

The Community Reinvestment Area Agreement provided a 75% abatement for ten years, expiring on December 31st, 2026. The project consisted of the renovation of building at 223 W. Water Street. The project has exceeded the required investment and job creation levels with an investment of \$1.4M and job creation of 25 full time employees and an annual payroll of \$566,122 as of December 31, 2023.

Staff recommended continuing the agreement. Richard Jeffrey called for a motion. Mike Zuilhof made a motion to continue the agreement and Michelle Reeder seconded the motion. Dennis Murray asked what property Tier 3, LLC was located at. Mike Zuilhof stated it was the Hotel Kilbourne and a big success. Richard Jeffrey called for a vote and all members approved the motion, unanimously.

Richard Jeffrey stated that for the CRA the City was no longer required to report it to Columbus. Colleen Gilson stated that only applied to the CRA.

PUBLIC INPUT:

Sharon Johnson asked why the City was continuing the Market Street Collective agreement when they were behind on their taxes. Dennis Murray stated there was no economic impact to continue the agreement. Mike Zuilhof stated he hoped Market Street Collective was being encouraged to put the property back on the market and added that a citizen can report those who are behind on taxes. Richard Jeffrey stated as auditor he did not receive information on taxes, that was handled by the treasurer and when a foreclosure happened, he was notified. Sharon Johnson asked why Market Street Collective had not been foreclosed on yet. Richard Jeffrey stated that the Treasurer had a process that was mandated by the Ohio Revised Code, and he was not privy to whether they were involved in that process.

ADJOURNMENT:

Richard Jeffrey asked for a motion to adjourn. A motion to adjourn was made by Dennis Murray and was seconded by John Orzech and the meeting ended at 1:50 pm.

Approved:


Quinn Rambo, Clerk


Richard Jeffrey, Chair