

CITY COUNCIL AGENDA
May 18, 2020
Zoom Videoconference meeting
7:30p.m.

The council meeting will be conducted via Zoom Videoconferencing with public access through YouTube and Facebook.

- I. ROLL CALL & ORDERING OF AGENDA**
- II. APPROVAL OF MINUTES**
- III. COMMUNICATIONS FROM MAYOR/ADMINISTRATION**
- IV. PETITIONS/COMMUNICATIONS FROM PUBLIC**
- V. COMMITTEE REPORTS; PUBLIC HEARINGS**
- VI. UNFINISHED BUSINESS**
- VII. NEW BUSINESS**
 - 1. First Reading – ORDINANCE NO. 2020-17
AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH TIMOTHY ENTERPRISES LLC AND CALIBER HOLDINGS CORPORATION FOR COMMUNITY REINVESTMENT AREA TAX INCENTIVES, AND DECLARING AN EMERGENCY (Ansel)
- VIII. MISCELLANEOUS**
- IX. ADJOURNMENT**

ORDINANCE NO. 2020-17

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH TIMOTHY ENTERPRISES LLC AND CALIBER HOLDINGS CORPORATION FOR COMMUNITY REINVESTMENT AREA TAX INCENTIVES, AND DECLARING AN EMERGENCY

WHEREAS, TIMOTHY ENTERPRISES LLC is a for-profit enterprise and property management agency which desires to construct a new 12,150 square foot automotive repair center on Akron Road, within the area designated by Wooster City Council as a community reinvestment area (CRA), including a capital investment of approximately \$1,600,000 for the new construction; and it has requested tax abatement as an incentive to make these improvements; and

WHEREAS, CALIBER HOLDINGS CORPORATION is a for-profit enterprise in the business of consumer automotive repair and desires to rent the described automotive repair center and relocate its existing operations from 1119 W. Old Lincoln Way, Wooster, Ohio 44691, also located in the CRA, and additionally create five new jobs at its new site.

WHEREAS, the Wooster Growth Corporation, as the designated community improvement corporation for the City of Wooster, has reviewed the request for CRA tax incentives and has recommended its adoption; and

WHEREAS, the Wooster City School District Board of Education has also received notice thereof, as provided by law.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF WOOSTER, OHIO:

SECTION 1. The Mayor is hereby authorized to enter into an agreement on behalf of the City of Wooster with TIMOTHY ENTERPRISES LLC and CALIBER HOLDINGS CORPORATION for CRA tax incentives. The terms of such agreement will include, but not be limited to, the following: (1) abatement of real estate taxes of 50%; (2) for a maximum term not to exceed ten (10) years; (3) the retention of seven (7) existing jobs and the creation of five (5) full-time jobs within two (2) years; and (4) such other terms as the Mayor, in his/her discretion, deems appropriate.

SECTION 2. This Council finds and declares that all formal actions concerning and relating to the adoption of this ordinance occurred in an open meeting of this Council, in compliance with law.

SECTION 3. This Ordinance is declared to be an emergency measure necessary to the immediate preservation of the public health, peace, safety and welfare of the City, or providing for the usual daily operation of a municipal department or division, and for the further reason that prompt action is necessary in order to facilitate implementation of the construction project by Timothy Enterprises LLC and Caliber Holdings Corporation; wherefore, this Ordinance shall be in full force and effect from and immediately after its passage and approval by the Mayor; provided it receives the affirmative vote of at least three-fourths of the members of the Council; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

1st reading _____ 2nd reading _____ 3rd reading _____

Passed: _____, 2020

Vote: _____

Attest: _____
Clerk of Council

President of Council

Approved: _____, 2020

Mayor

Introduced by: Jon Ansel

Request for Agenda Item

Authorization for Bid

Purchase Capital Item

Non-Capital

Division Development	Meeting Date Requested May 18, 2020
Project Name 10-Yr, 50% CRA Request	Estimated Total Funds/Costs \$0.00
Is Full Amount Budgeted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, three readings NOT REQUIRED	
If No, How is the Purchase to be Funded? N/A - Legislation abates taxes on tertiary sector green-field project. City may forgo \$11,760 future revenues.	
Description of Request Timothy Holdings LLC (developer/landlord) and Caliber Holdings Corporation (tenant/employer) have applied for a 10-year, 50% CRA for their planned 12,150-square foot auto-body repair center on Akron Road. The project will enable room for Caliber Collision to relocate from their leased space at 1119 Old Lincoln Way (also in the CRA) and grow its operations in a larger facility with 300% more traffic volume. Staff does not typically provide a recommendation when development is scheduled to occur without subsidy, or, in the absence of reinvestment, is local population-driven with a finite market, and would provide a competitive disadvantage to other similar businesses in the CRA. For local population driven businesses, job creation is driven by the market, and growing businesses may create jobs at the expense of other similar businesses. (Six such businesses operate in Wooster today, including the applicant). It must be noted that the applicants perform an important and highly-rated service in the Wooster community that keeps the overall local primary market area strong. However, incentives would not advance meaningful economic impact. CRA treatment is DISCRETIONARY and not an entitlement.	
Justification / Benefits The Wooster Growth Corporation adopted a motion to recommend the proposal. Benefits include new building growth in the Akron Road Priority Area which will produce new revenues (anticipated in any event due to demand) for the community and short-term job opportunities associated with local building construction (Prosser Construction and Freeman Building Systems) in summer 2020.	
Will this Project affect the City's Operating Costs City may forgo \$11,760 in future revenues by abating a project determined prior to seeking CRA incentives.	
What Alternatives Exist and what are the Implications of the Alternatives Council may choose not to approve the abatement. The project is anticipated to proceed as scoped. Location and local market conditions are the most compelling factors for the development.	
Is this a Sole Source Bid or Non-Bid Situation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, Explain The Circumstances: N/A	
Is there a need for Suspension of the Rules or a Time Frame when this must be passed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, Note Reasons Developer desires expedited, emergency decision. Proposal does not meet expedited criteria.	
NOTE: Emergency Clause Required if Legislative Effective Date is IMMEDIATE.	
Manager Requesting: Jonathan Millea	Date: May 8, 2020

Approved for Agenda <input type="checkbox"/> Yes <input type="checkbox"/> No

COMMUNITY REINVESTMENT AREA REQUEST SUMMARY



Prepared by the City of Wooster Department of Community Service and Development at the Request of:
Timothy Enterprises LLC & Caliber Holdings Corporation – Site: 1400-block Akron Rd., Wooster, Oh
 Application Date: 30 April 2020

Project Summary: Timothy Enterprises LLC and Caliber Holdings Corporation have applied for a 10-year, 50% real estate tax exemption through the City's CRA program to enable the construction of a 12,150-ft automotive body repair center along Akron Road (Wayne County, Ohio Parcel 67-00283.001)

The application was submitted with assistance from the Wooster Area Chamber of Commerce and both entities (landlord and tenant/employer) have expressed that community support is helpful. The project has previously received approval from the City's Planning Commission, and aspires to break ground in the second quarter of 2020. The site is part of the Akron Road Priority Area.

Project Impacts: The proposed project would assist Timothy Enterprises LLC in establishing a new \$1,600,000 facility for Texas-based Caliber Holdings Corporation (unaffiliated employer/tenant), which requires new space to grow its operations. The project will result in transferring "Caliber Collision" and its 7 jobs from leased space at Chevrolet of Wooster at 1119 Old Lincoln Way W. in Wooster (also in the CRA) to the Akron Road location, where traffic counts are about 300% higher and the company will have room expand its business. (The company does not plan to relocate jobs from its Cleveland Rd site in Wayne Township.) Caliber Holdings Corporation anticipates adding 5 employees over two years to its auto-body business, which specializes in repairs for windshields, auto glass, fenders, bumpers, dents, and paint.

The \$783,292 in payroll for seven existing (including indirect labor and minimal temporary payroll), coupled with five jobs and \$125,000 in payroll, would provide a combined post-project total of 12 jobs with \$908,292 in payroll (avg. \$36.39/hr). With approval, the applicants would receive an estimated exemption of \$20,908 per year, or \$209,080 over ten years.

The application was initiated in early April with assistance from the Wooster Area Chamber of Commerce and both entities have expressed that community support is helpful. Exceeding the minimum state criteria, the proposal is eligible to be considered for discretionary CRA incentives. In the past, CRA has not been granted to "local population-driven" businesses outside of building restoration or downtown reconstruction projects. Commercial projects, when dependent on the local population, provide minimal economic impact given a finite market, and may draw job growth from existing competitors, creating a disadvantage to existing similar businesses when incentives are granted. In such instances, unlike cases where underutilized buildings are being repurposed or primary-industry jobs created, it is difficult to discern return on investment from tax incentives. It should be noted that competing businesses should be welcomed as they often have the effect of strengthening local markets with new innovations that keep the area competitive with others. Beyond existing building reinvestment projects, most local and state governments reserve tax incentives for primary-industry projects, and in all cases only when necessary. ("But For" the incentive, the project could not move forward.) New primary-industry jobs in turn increase demand and growth opportunities for local population-driven firms (economic multiplier effect).

Attachments: Original Timothy Enterprises LLC and Caliber Holdings Corporation Application.

TABLE: Project Implication Matrix

Timothy Enterprises - Caliber Holdings Corp. Akron Rd Projected Tax Impacts (Not all investments are likely to impact valuation.)

Current Value ¹ 1400 Akron Rd.	Annual Tax Obligation ¹	Post Proj. Tax Value ² ~\$1,600,000 Invested	Annual Tax Oblig. w/o Abatement ²	Annual Tax Obligation with 50% Abatement	Applicant's Annual Savings ³	Total Savings after 10 Years
\$62,227	\$3,596	\$1,662,227	\$45,412	\$24,504	\$20,908	\$209,080
Timothy Enterprises & Caliber Collision	<i>Annual City Income Tax Retention⁴</i>		\$11,749	<i>Net Property Tax Gain with Abatement</i>		\$20,908
	<i>Annual City Income Tax Creation⁴</i>		\$1,875	<i>Cumulative Net Property Tax Gain</i>		\$209,080
	<i>CRA Cumulative Income Tax⁵</i>		\$29,374.38	<i>Post-Project Annual Property Gain⁶</i>		\$41,816

- The current value of \$62,227 assumes a newly created 2.7-acre lot partitioned the 5.97-acre parcel 67-00283.001, which is valued at \$137,590 based on the Wayne County Auditor's 100 percent 2019 valuation assessment. The property is not subject to CAUV and is assessed as Industrial vacant land. (4/20/2020). Property Records CAMA Database [Data file]. Retrieved from <http://www.waynecountyauditor.org/>
- All figures are estimated, with final valuation determined by the Wayne County Auditor. Assumptions figure that the full \$1,600,000 invested will be reflected in the market value of the structure upon project completion, a reasonable estimate considering similar projects in the area.
- Assuming a valuation of \$1,600,000 in new value for the building, the Applicants' annual savings are expected to be near \$20,908 annually.
- 1.5% income tax on \$783,292 / \$125,000 in payroll for existing / future jobs. Created tax requires that no competing Wooster jobs are lost.
- Cumulative Income Tax assumes 9 full-time equivalents in year 1, 12 full-time equivalents in year 2.
- Post-Project Annual Property Gain assumes a final valuation of \$1,600,000 at the site. Assumes vacated and competitor space retains existing value.

Project Site Map



67-00283.001 outlined in yellow is within the CRA. Approved final Development Plan (©SJL) superimposed.

Note: Notification to local school districts and a recommendation by the Wooster Growth Corporation are required before an application for a Community Reinvestment Area (CRA) abatement may be considered by the Wooster City Council. Community Reinvestment Area #169-86548-01 is governed by Ohio Revised Code Sections 3735.65 through 3735.70, as administered by the Ohio Development Services Agency, and City of Wooster Ordinances No. 2004-33. For questions on this application or the City of Wooster's CRA in general, please contact the City of Wooster Development Coordinator at 330.263.5250.

**CRA Application – Timothy Enterprises LLC & Caliber Collision
Akron Road Caliber Collision Center Project
Address: 1400-Block, Akron Road, Wooster, Ohio 44691 PPN 67-00283.001
Authorized Representative: Ron Nagy and Sherry Seibert**

PROPOSED AGREEMENT for Community Reinvestment Area Tax Incentives between the City of Wooster located in the County of Wayne and Timothy Enterprises LLC (property owner) and Caliber Holdings Corporation (employer).

1. a. Name of property owner, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

<u>Timothy Enterprises</u> Enterprise Name	<u>Ron Nagy</u> Contact Person
<u>1793 N. Main St.</u> <u>Orrville, Ohio 44667</u> Address	<u>330.603.8699</u> Telephone Number
	<u>ron@nagys.com</u> Contact Email

- b. Name of employer, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

<u>Caliber Holdings Corporation</u> Enterprise Name	<u>Sherry Seibert</u> Contact Person
<u>2941 Lake Vista Dr.</u> <u>Lewisville, Texas 75067</u> Address	<u>496-948-9581</u> Telephone Number
	<u>Sherry.seibert@calibercollision.com</u> Contact Email

- c. Project site:

<u>Caliber Collision</u> Location Name	<u>Ron Nagy</u> Contact Person
<u>1471 Akron Rd, Wooster Oh</u> <u>PPN 67-00283.001</u> Address	<u>330.603.8699</u> Telephone Number
	<u>ron@nagys.com</u> Contact Email

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2. a. Nature of commercial/industrial activity (manufacturing, warehousing, wholesale or retail stores, or other) to be conducted at the site.

Commercial, automotive repair building.

- b. List primary 6 digit North American Industry Classification System (NAICS) # 81121

Business may list other relevant SIC numbers. _____

- c. If a consolidation, what are the components of the consolidation? (must itemize the location, assets, and employment positions to be transferred: N/A)

- d. Form of business of enterprise (corporation, partnership, proprietorship, or other).

Timothy Enterprises LLC - Corporation
Caliber Holdings Corporation – Corporation

3. Name of principal owner(s) or officers of the business.

Timothy Enterprises LLC - Ron Nagy & Daniel Nagy, Principal Owner
Caliber Holdings Corporation – Steven Grimshaw, CEO; Mark Sanders, President, COO;
Judd Nystrom, CFO; Greg Nichols, CAO

4. a. State the enterprise's current employment level at the proposed project site:

0 at current site, with plans to add jobs at this location over time.

- b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Yes X No .

- c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

1119 Old Lincoln Way W, Wooster, OH 44691 (Current tenant space). 7 – Full-Time and 0 Part-Time jobs to be relocated.

- d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

Full-Time: 7 (Caliber Collision.); Part-Time: 0; Permanent: 0; Temporary: 0.
Full-Time: N/A (Timothy Enterprises LLC); Part-Time: 0; Permanent: 0; Temporary: 0.

- e. State the enterprise's current employment level for each facility to be affected by the

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relocation of employment positions or assets:

1119 Old Lincoln Way W, Wooster, OH 44691 – All employment (7 full-time jobs) and assets to be relocated.

f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated?

1119 Old Lincoln Way W, Wooster, OH 44691 – All employment (7 full-time jobs) and assets to be relocated.

5. Does the Property Owner owe:

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?
Yes ___ No X

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes ___ No X

c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not?
Yes ___ No X

d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets).

6. Project Description: Please be as descriptive as possible, giving a summary of construction to be performed that and systems to be expanded or replaced (plumbing, HVAC, etc.) Please see attached Exhibit A for project description.

7. Project will begin May, 15, 2020, and be completed December, 31, 2020 provided a tax exemption is provided.

8. a. Estimate the number of new employees the property owner will cause to be created at the facility that is the project site (job creation projection must be itemized by the name of the employer, full and part-time and permanent and temporary):

Five full-time permanent jobs

b. State the time frame of this projected hiring: Two (2) yrs.

c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees):

Year 1 = 2 Permanent Full-Time Jobs and 0 Permanent Part-Time Jobs. Year 2 = 3

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Permanent Full-Time Jobs and 0 Permanent Part-Time Jobs.

9. a. Estimate the amount of annual payroll such new employees will add 7 existing jobs = Indirect Labor \$281,321 ,Temp Labor \$30,433, Direct Labor \$471,538. Total \$783,292. 5 new jobs = \$125,000 – Permanent Full-Time. Total \$908,292. (new annual payroll must be itemized by full and part-time and permanent and temporary new employees).
- b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$ N/A – New for to project site, existing in City. .
10. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:
- | | |
|--|----------------------------|
| A. Acquisition of Buildings: | <u>\$ 175,000</u> |
| B. Additions/New Construction: | <u>\$ 1,600,000</u> |
| C. Improvements to existing buildings: | <u>\$ _____</u> |
| D. Machinery & Equipment: | <u>\$ _____</u> |
| E. Furniture & Fixtures: | <u>\$ _____</u> |
| F. Inventory: | <u>\$ _____</u> |
| Total New Project Investment: | <u>\$ 1,775,000</u> |
11. a. Business requests the following tax exemption incentives: 50% for ten (10) years covering \$1,600,000 of real property as described above. Be specific as to the rate, and term.

b. Business’s reasons for requesting tax incentives:

Please be as descriptive as possible and explain how providing these incentives to this project will benefit the community, as opposed to no assistance being offered. This is a significant investment at a time of uncertainty and difficulty, and the benefit from the CRA program will assist us in moving forward. Additionally, the architectural and design requirements of the area are higher than neighboring communities, which make development costs higher overall. The CRA program will assist in controlling costs and justifying the project moving forward at the proposed site.

Submission of this application expressly authorizes City of Wooster to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item # 5 and to review applicable confidential records. As part of this application, the property owner may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the local jurisdiction considering the request.

The Applicant agrees to supply additional information upon request.

The Applicant affirmatively covenants that the information contained in and submitted with this

application is complete and correct and is aware of the ORC Sections 9.66(C) (1) and 2921.13(D) (1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

Ron Nagy

Name of Property Owner

Signature

4-30-2020

Date

Member

Typed Name and Title

Caliber Holdings Corporation

Name of Employer

Signature

4-27-2020

Date

Greg Nichols, CAO

Typed Name and Title

* A copy of this proposal must be forwarded by the local governments to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comment before the legislative authorities considering the request.

** Attach to Final Community Reinvestment Area Agreement as Exhibit A

Please note that copies of this proposal must be included in the finalized Community Reinvestment Area Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Development Services Agency within fifteen (15) days of final approval.

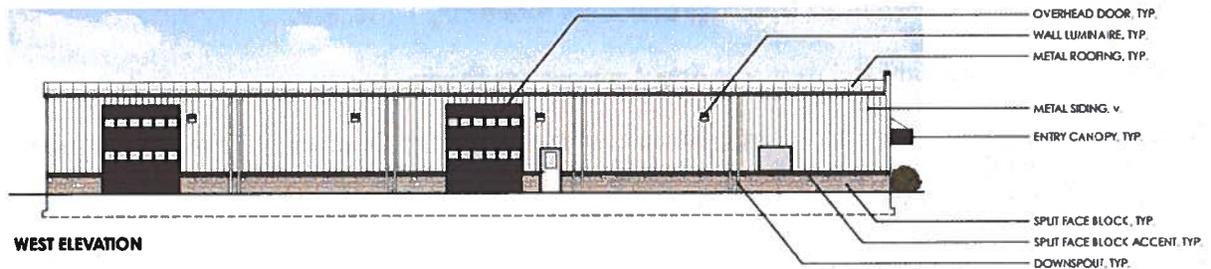
CRA Application – Company Name
Project Name
Project Address
Authorized Representative: Representative Name

#6 Project Description:

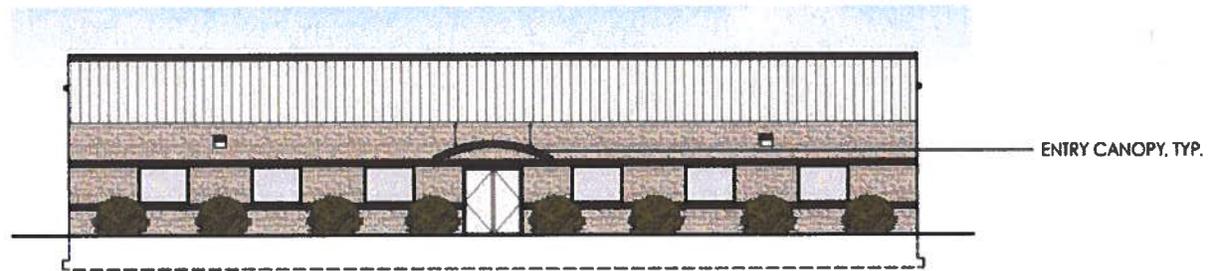
The project includes the construction of a 12,150 square foot automotive repair facility located on a newly created lot on Akron Road (PPN#67-00283.001). NOTE: This site was purchased and drawings developed with the recognition that the site was within the Wooster Community Reinvestment Area program and that our proposed investment levels far exceed the requirements of the program.

We would like to break ground in the month of May (2020), with plans to be operational by the end of the year. The project will include employment, with at least ten (10) new full time jobs at the site. We are currently going through planning commission approval with hopes to be supported by a CRA tax incentive as well. The site incorporates one access point off of Akron Road and is configured with parking in the front and the building to the rear.

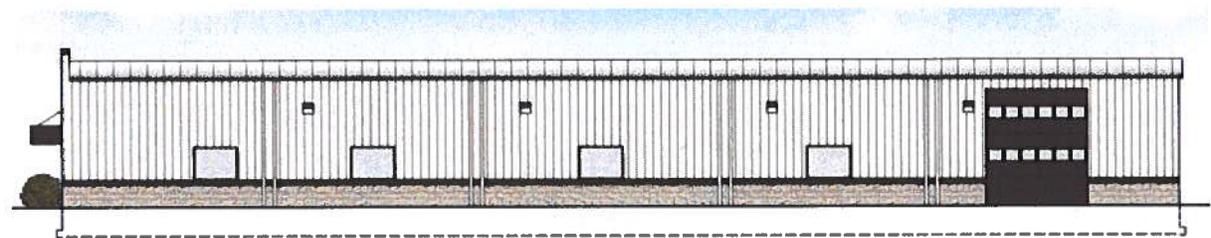
Project photos listed below:



WEST ELEVATION

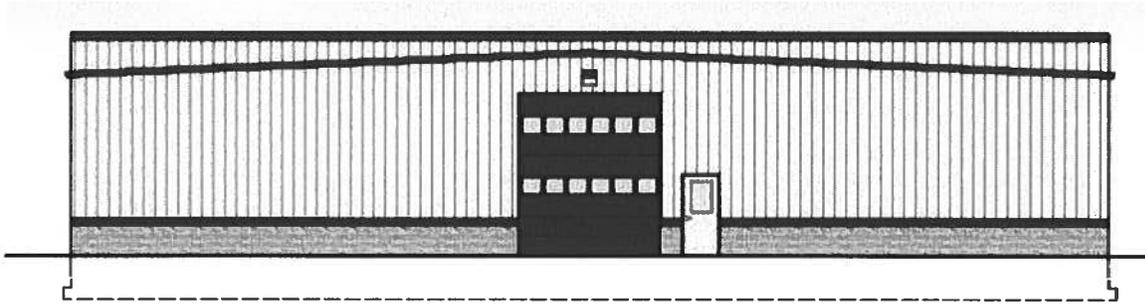


SOUTH ELEVATION



EAST ELEVATION

CRA Application – Company Name
Project Name
Project Address
Authorized Representative: Representative Name



NORTH ELEVATION

