

November 9, 2020

To: Mayor and Members of City Council **202002115**

From: Paula Boggs Muething, City Manager

Subject: **JOB CREATION TAX CREDIT FOR TEAM INDUSTRIAL SERVICES INC.**

Attached is an Emergency Ordinance captioned as follows:

APPROVING AND AUTHORIZING the execution of a *Job Creation Tax Credit Agreement* with Team Industrial Services, Inc., pursuant to which the company agrees to create 150 new jobs at 2249 E. Seymour Avenue in Cincinnati's Bond Hill neighborhood and, for a period of 6 years, the City agrees to provide an income tax credit equal to 40% of City income tax revenue from such new jobs.

BACKGROUND/CURRENT CONDITIONS

This legislation pertains to a proposed payroll tax incentive for Team Industrial Services, Inc. ("Company") to bring an aerospace testing facility to 2249 Seymour Avenue in Bond Hill ("Property"), part of the former Cincinnati Gardens complex.

Following the closure of Cincinnati Gardens, the Port Authority purchased the site in 2016. In 2017, City Council approved an appropriation of \$1,023,981 for the purpose of assisting the Port Authority with its demolition and redevelopment of Cincinnati Gardens into a 19-acre, multi-phase light manufacturing park at the border of Bond Hill and Roselawn. In 2019, City Council approved a CRA tax abatement for an affiliate of Terrex and Messer to speculatively construct a 73,000 square foot light manufacturing building on the Property as a first phase of the redevelopment of the former Cincinnati Gardens site. As a result of these incentives, a \$6.5 MM manufacturing building was successfully constructed.

DEVELOPER INFORMATION

The Company is an affiliate of Team, Inc., a publicly traded company based in Sugar Land, Texas. Founded in 1973, Team, Inc. is a global provider of asset performance assurance and optimization solutions across many different industries. The company has about 200 locations in 20 countries with about 6,800 employees. Its presence in the greater Cincinnati region has been limited to a small facility in Woodlawn. Some of the Woodlawn jobs would be relocated to Cincinnati as part of the project.

PROJECT DESCRIPTION

The Company would sign a long-term tenant lease and invest approximately \$11.6 MM to build out a state-of-the-art aerospace inspection and testing facility at the Property (“Project”). The facility, which would occupy all 73,000 square feet of the building, would allow for nondestructive testing of aerospace engine components. The Project would result in 150 net new full-time equivalent jobs in the city of Cincinnati and \$9,600,000 in annual payroll, an average annual wage of \$64,000. The Company represents that its employment at the facility would be compliant with Minimum Qualifying Wage standards.

The Project is consistent with the *Plan Cincinnati* strategy to “pursue new growth and business recruitment efforts in target industries” such as aerospace (“Compete” section, page 102).

PROPOSED INCENTIVE

DCED is recommending a 6-year, 40% refundable job creation tax credit (JCTC-R) with an annual incentive cap of \$75,000.

The reason for providing a payroll tax incentive, in addition to the property tax abatement previously provided, is that the Project provides an advantageous return on investment for the City, and because the City and JobsOhio are hoping to secure this aerospace project that has competition from other sites in California and Arizona.

Estimated Total Term JCTC Value to Company:	\$350,208
Estimated Total Term CRA (City Portion) Value:	\$188,991
Estimated Total Term New Payroll Tax Revenue:	\$1,912,320
Estimated Construction Payroll Tax Revenue:	\$34,200
Incentive Leverage per dollar of City investment:	\$3.61

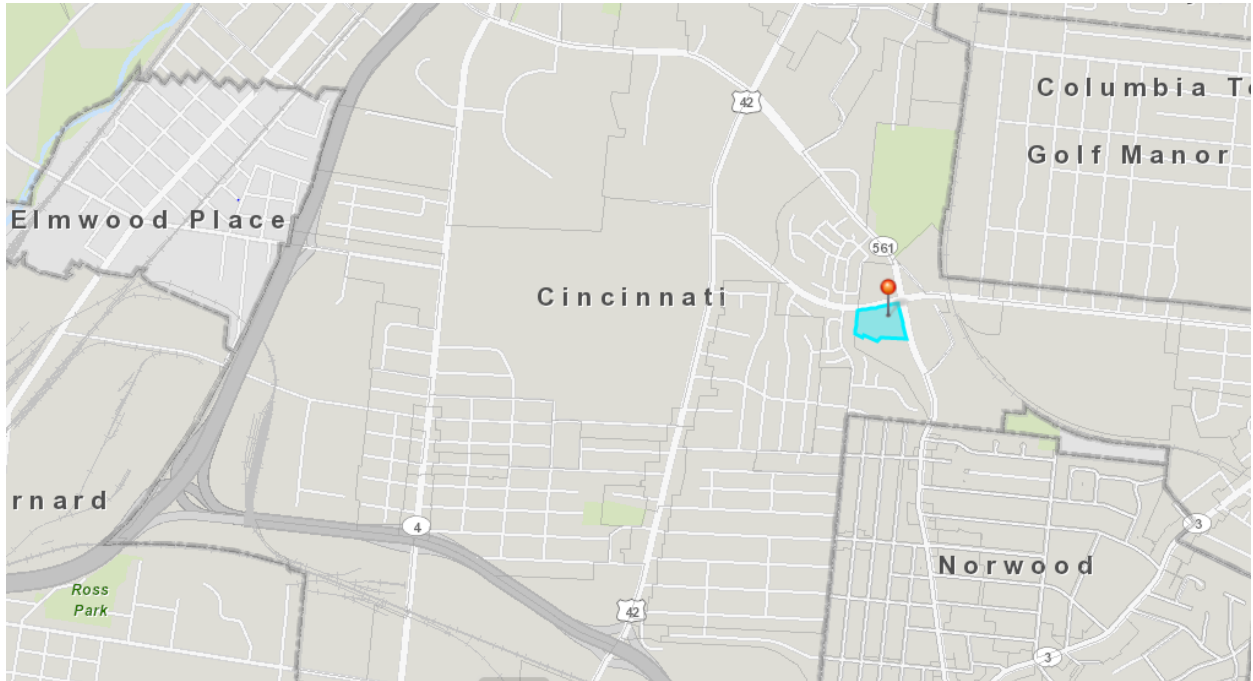
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

Copy: Markiea L. Carter, Interim Director, Department of Community & Economic Development

Attachment A: Property Location and Photographs



Property Location



Building Rendering