

August 2, 2021

To: Members of the Budget and Finance Committee 202102523
From: Paula Boggs Muething, City Manager
Subject: **EMERGENCY ORDINANCE – APPROVING AND AUTHORIZING JOB CREATION TAX CREDIT FOR CLINICAL TRIAL SERVICES, INC.**

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the execution of a Job Creation Tax Credit Agreement with CTI - Clinical Trial Services, Inc., pursuant to which the company agrees to create 70 new jobs at the Baldwin 500 building located at 2090 Florence Avenue in the Walnut Hills neighborhood of Cincinnati and, for a period of 8 years, the City agrees to provide an income tax credit equal to 45% of City income tax revenue from such new jobs.

BACKGROUND/CURRENT CONDITIONS

This legislation pertains to a proposed payroll tax incentive for CTI - Clinical Trial Services, Inc. (“Company”) to establish a laboratory facility at Baldwin 500 at 2090 Florence Avenue in Walnut Hills (“Property”).

DEVELOPER INFORMATION

The Company is an affiliate of CTI Holdings, Inc., a company that is headquartered in Covington, KY and is more commonly known as CTI. CTI was founded in 1999 and has since grown into one of the industry leaders in clinical trial management services, supporting pharmaceutical and biotech companies to develop and run their clinical trials. CTI and its affiliates do not currently have a business location in the city of Cincinnati.

PROJECT DESCRIPTION

The Company would sign a long-term tenant lease and invest approximately \$3,310,000 to build out a full-service laboratory facility (“Project”). The facility, which would occupy approximately 40,000 square feet at Baldwin 500, represents a new line of business for CTI. The new facility would provide safety, molecular, cellular, and bioanalytical lab services, biorepository sample storage, lab sample kit building business, and project management services. The Project would result in 70 net new full-time equivalent jobs being created in the city of Cincinnati within the first 5 years, primarily high-paying laboratory positions, representing \$5,600,000 in annual

payroll with an average annual wage of \$80,000. 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” which include life sciences and biohealth (“Compete” section, page 108).

PROPOSED INCENTIVE

DCED is recommending an 8-year, 45% job creation tax credit (JCTC) with a total retention period of 15 years.

The reason for providing a payroll tax incentive is not only because the Project provides an advantageous return on investment for the City, but also because both the City and JobsOhio have prioritized attracting the Project, which had competition from other states including Kentucky.

Estimated Total Term JCTC Value to Company:	\$255,960
Estimated Total Term New Payroll Tax Revenue:	\$1,274,400
Incentive Leverage per dollar of City investment:	\$4.78

PROJECT TEAM & TIMELINE

The project’s legislative team (listed below) is available to answer questions regarding this project.

- Assistant City Manager: Billy Weber (Ext. 3318)
- DCED Deputy Director: Dan Bower (Ext. 1955)
- Project Attorney: Kaitlyn Geiger (Ext. 4544)

The anticipated council timeline is as follows:

- August 1, 2021: Budget and Finance Committee (Byleave due to summer schedule)
- August 3, 2021: City Council for Final Approval

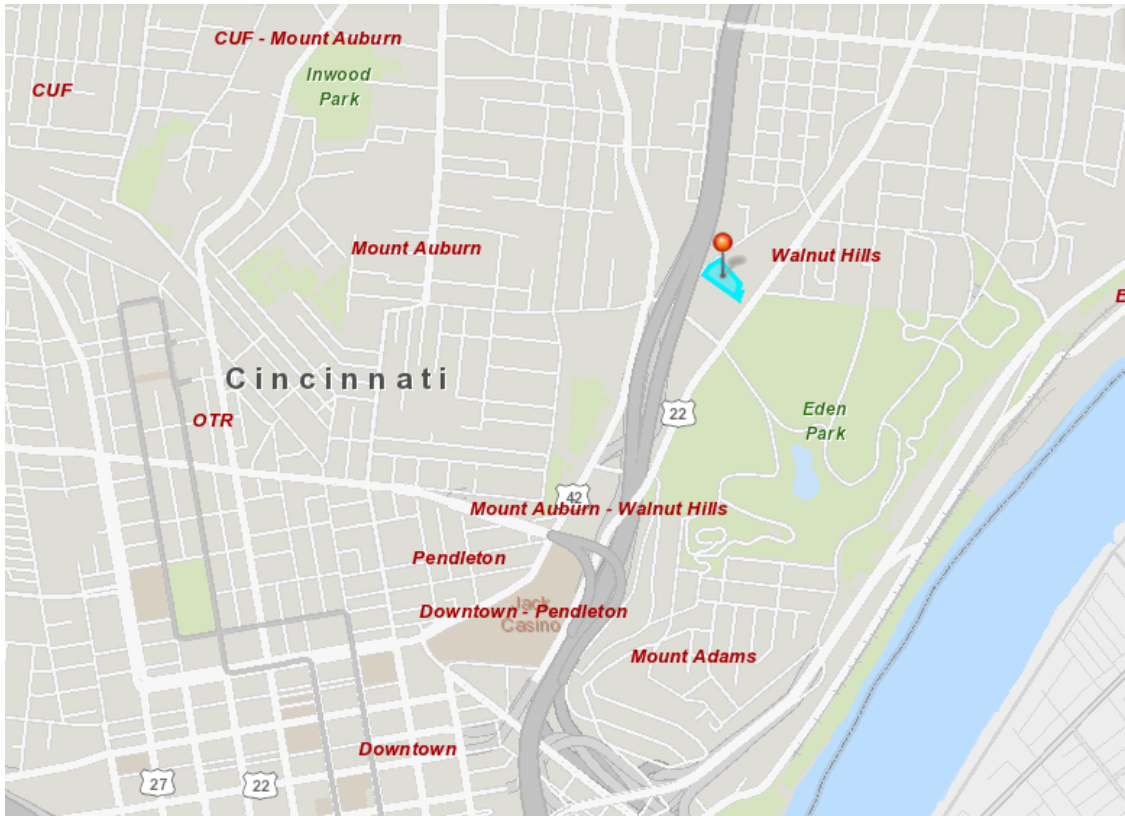
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Property Location and Photographs



Property Location



Property Image

