BILL NO. R-11-10-04

DECLARATORY RESOLUTION NO. R-_______

A DECLARATORY RESOLUTION designating an "Economic Revitalization Area" under I.C. 6-1.1-12.1 for property commonly known as 5316 Illinois Road, Fort Wayne, Indiana 46804 (Brunsco, LLC for Central States Supply Company, Inc.)

WHEREAS, Petitioner has duly filed its petition dated October 4, 2011 to have the following described property designated and declared an "Economic Revitalization Area" under Sections 153.13-153.24 of the Municipal Code of the City of Fort Wayne, Indiana, and I.C. 6-1.1-12.1, to wit:

Attached hereto as "Exhibit A" as if a part herein;

and

WHEREAS, said project will create four full-time and two part-time, permanent jobs for a total new, annual payroll of $120,000, with the average new annual job salary being $30,000 and retain 16 full-time and four part-time, permanent jobs for a total current annual payroll of $955,400, with the average current, annual job salary being $59,713; and

WHEREAS, the total estimated project cost is $850,000; and

WHEREAS, it appears the said petition should be processed to final determination in accordance with the provisions of said Division 6.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. That, subject to the requirements of Section 6, below, the property hereinabove described is hereby designated and declared an "Economic Revitalization Area" under I.C. 6-1.1-12.1. Said designation shall begin upon the effective date of the Confirming Resolution referred to in Section 6 of this Resolution and shall terminate on December 31, 2011, unless otherwise automatically extended in five year increments per I.C. 6-1.1-12.1-9.

SECTION 2. That, upon adoption of the Resolution:

(a) Said Resolution shall be filed with the Allen County Assessor;

(b) Said Resolution shall be referred to the Committee on Finance requesting a recommendation from said committee concerning the advisability of designating the above area an "Economic Revitalization Area";

(c) Common Council shall publish notice in accordance with I.C. 6-1.1-12.1-2.5 and I.C. 5-3-1 of the adoption and substance of this resolution and setting this designation as an "Economic Revitalization Area" for public hearing;

SECTION 3. That, said designation of the hereinabove described property as an "Economic Revitalization Area" shall apply to a deduction of the assessed value of real estate.

SECTION 4. That, the estimate of the number of individuals that will be employed or whose employment will be retained and the estimate of the annual salaries of those individuals and the estimate of the value of redevelopment or rehabilitation, all contained in Petitioner's Statement of Benefits, are reasonable and are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation.

SECTION 5. That, the current year approximate tax rates for taxing units within the City would be:

(a) If the proposed development does not occur, the approximate current year tax rates for this site would be $2.8962/$100.

(b) If the proposed development does occur and no deduction is granted, the approximate current year tax rate for the site would be $2.8962/$100 (the change would be negligible).

(c) If the proposed development occurs and a deduction percentage of fifty percent (50%) is assumed, the approximate current year tax rate for the site would be $2.8962/$100 (the change would be negligible).

SECTION 6. That, this Resolution shall be subject to being confirmed, modified and confirmed, or rescinded after public hearing and receipt by Common Council of the above described recommendations and resolution, if applicable.

SECTION 7. That, pursuant to I.C. 6-1.1-12.1, it is hereby determined that the deduction from the assessed value of the real property shall be for a period of ten years.

SECTION 8. That, the benefits described in the Petitioner's Statement of Benefits can be reasonably expected to result from the project and are sufficient to justify the applicable deductions.

SECTION 9. That, the taxpayer is non-delinquent on any and all property tax due to jurisdictions within Allen County, Indiana.

SECTION 10. That, pursuant to I.C. 6-1.1-12.1-12 et al, any property owner that has received a deduction under section 3 or 4.5 of this chapter may be required to repay the deduction amount as determined by the county auditor in accordance with section 12 of said chapter if the property owner ceases operations at the facility for which the deduction was granted and if the Common Council finds that the property owner obtained the deduction by intentionally providing false information concerning the property owner's plans to continue operation at the facility.

SECTION 11. That, this Resolution shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor.

Member of Council

APPROVED AS TO FORM AND LEGALITY

Carol Helton, City Attorney

Admn. Appr.______________

DIGEST SHEET

TITLE OF ORDINANCE: **Declaratory Resolution**

DEPARTMENT REQUESTING ORDINANCE: **Community Development Division**

SYNOPSIS OF ORDINANCE: **Brunsco, LLC is requesting the designation of an Economic Revitalization Area for real property improvements in the amount of $850,000 for Central States Supply Company, Inc. In order to expand, Brunsco, LLC will construct a 10,800 square foot addition to Central States Supply Company, Inc.'s existing 6,000 square foot facility.**

EFFECT OF PASSAGE: **To improve access and allow for future growth of its business, Central States Supply Company, Inc. will enlarge its facility. Four full-time jobs will be created as a result of the project.**

EFFECT OF NON-PASSAGE: **Potential loss of development and four full-time jobs**

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS): **No expenditures of public funds required.**

ASSIGNED TO COMMITTEE (PRESIDENT): **Thomas E. Smith and Elizabeth M. Brown**

MEMORANDUM

TO: City Council

FROM: Elissa McGauley, Economic Development Specialist

DATE: October 13, 2011

RE: Request for designation by Brunsco, LLC for Central States Supply Company, Inc. as an ERA for real property improvements

BACKGROUND

PROJECT ADDRESS:	**5316 Illinois Road**	PROJECT LOCATED WITHIN:	**Not Applicable**
PROJECT COST:	**$ 850,000**	COUNCILMANIC DISTRICT:	**3**

COMPANY PRODUCT OR SERVICE:	**Central States Supply Company, Inc. is a wholesale distributor of beauty supplies and furnishings.**
PROJECT DESCRIPTION:	**Brunsco, LLC will construct a 10,800 square foot addition to Central States Supply Company, Inc.'s existing 6,000 square foot facility.**

CREATED		RETAINED	
JOBS CREATED (FULL-TIME):	**4**	JOBS RETAINED (FULL-TIME):	**16**
JOBS CREATED (PART-TIME):	**0**	JOBS RETAINED (PART-TIME):	**0**
TOTAL NEW PAYROLL:	**$ 120,000**	TOTAL RETAINED PAYROLL:	**$ 955,400**
AVERAGE SALARY (FULL-TIME NEW):	**$ 30,000**	AVERAGE SALARY (FULL-TIME RETAINED):	**$ 59,713**

COMMUNITY BENEFIT REVIEW

Yes ☐ **No** ☐ **N/A** ☒ — Project will encourage vacant or under-utilized land appropriate for commercial or industrial use?

Yes ☒ **No** ☐ **N/A** ☐ — Real estate to be designated is consistent with land use policies of the City of Fort Wayne?

Explain: Property to be designated is zoned CM3, a general commercial zoning classification. Use of property is consistent with the land use policies of the City of Fort Wayne.

Yes ☒ **No** ☐ **N/A** ☐ — Project encourages the improvement or replacement of a deteriorated or obsolete structure?

Explain: A 10,800 square foot addition will be constructed.

Yes ☐ **No** ☐ **N/A** ☒ — Project encourages the improvement or replacement of obsolete manufacturing and/or research and development and/or information technology and/or logistical distribution equipment?

Yes ☐ **No** ☐ **N/A** ☒ — Project will result in significant conversion of solid waste or hazardous waste into energy or other useful products?

Yes ☐ No ☐ N/A ☒ Project encourages preservation of an historically or architecturally significant structure?

Yes ☐ No ☐ N/A ☒ Construction will result in Leadership in Energy and Environmental Design (LEED) certification by the U.S. Green Building Council?

Yes ☐ No ☐ N/A ☒ Construction will use techniques to minimize impact on combined sewer overflows? (i.e. rain gardens, bio swales, etc.)

Yes ☒ No ☐ N/A ☐ ERA designation induces employment opportunities for Fort Wayne area residents?
Explain: Four full-time jobs will be created as a result of the project.

Yes ☒ No ☐ N/A ☐ Average wage of all full-time jobs to be created is at least 150% of current Federal minimum wage.
Explain: The average wage of full-time jobs created is 199% of the current Federal minimum wage rate.

Yes ☒ No ☐ N/A ☐ Average wage of all full-time jobs to be retained is at least 150% of current Federal minimum wage.
Explain: The average wage rate of full-time jobs retained is 396% of the current Federal minimum wage rate.

Yes ☒ No ☐ N/A ☐ Taxpayer is NOT delinquent on any or all property tax due to any taxing jurisdiction within Allen County.

POLICY

Per the policy of the City of Fort Wayne, the following guidelines apply to this project:

1. The period of deduction for real property is ten years.

Under Fort Wayne Common Council's tax abatement policies and procedures, Brunsco, LLC is eligible for a ten year deduction on real property improvements. Attached is a spreadsheet that shows how the application scored under the review system.

COMMENTS

Signed: Elissa McGauley
Economic Development Specialist

Real Property Abatements

Tax Abatement Review System

	Points Possible	Points Awarded
Total new investment in real property (new structures and/or rehabilitation)		8
Over $1,000,000	10	
$500,000 to $999,999	8	
$100,000 to $499,999	6	
Under $100,000	4	
Total number of jobs created and/or retained		6
Over 150	10	
75 to 149	8	
25 to 74	6	
10 to 24	4	
Under 10	2	
Current # of employees increases 50-99%	6	0
Current # of employees increases 100% or more	8	0
Average annual salary of full-time jobs created and/or retained are % of the Federal Minimum Wage		10
Greater than 300% of the Federal Minimum Wage	10	
201% to 300% of the Federal Minimum Wage	7	
151% to 200% of the Federal Minimum Wage	3	
150% of the Federal Minimum Wage	1	
Health insurance provided by the company	5	5
Project involves reinvestment at current location of a business	10	10
Project involves new or startup business	5	0
Construction uses green building techniques (ie LEED Certification)	5	0
Construction uses techniques to minimize impact on Combined Sewer Overflows (CSOs)	2	0
Project is located in a HUBzone	10	0

Total 39

7 to 11 points	Three Year Abatement
12 to 16 points	Five Year Abatement
17 to 23 points	Seven Year Abatement
24 to 67 points	Ten Year Abatement