

AMENDMENTS TO RESOLUTION NO. R-20-426

CITY HALL: January 14, 2021

BY: COUNCILMEMBER MORENO

SECONDED BY:

- 1) Replace "Exhibit B" attached to the resolution as filed with revised "Exhibit B", reflecting the revised Industrial Tax Exemption Review Committee Report, attached hereto, to correspond to the revised calculations from the Assessor's Office.
- 2) On page 3, delete the first WHEREAS clause in its entirety and insert the following in lieu thereof:

"WHEREAS, the LED estimates that the Project will result in \$1,060,962 in foregone tax revenue over 10 years, while the Assessor's Office estimates the 5-year value of the exemption at \$439,860; and"



CITY OF NEW ORLEANS

Office of Economic Development
1340 Poydras Street • Suite 1800 • New Orleans, Louisiana 70112

Industrial Tax Exemption Review Committee Review

CITY OF NEW ORLEANS ~ MAYOR'S OFFICE OF ECONOMIC DEVELOPMENT

Wednesday, December 2, 2020

CONSIDERATION: ITE Application #2018-0298
Property Address: 5500 Chef Menteur Highway
Company: The Folger Coffee Company
Represented by: Kim Wallet
District E / Cyndi Nguyen, Orleans Parish
Initial 5 Year Request / Capital Acquisitions (Equipment/Real & Personal Property)

PREPARED BY: Tracey Jackson, Industrial Tax Exemption Administrator
Mayor's Office of Economic Development
1340 Poydras Street, 18th Floor, Suite 1800
New Orleans, LA 70112

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- ASSESSOR'S OFFICE VALUE INFORMATION
- BUREAU OF TREASURY TAX INVOICE INFO
- BOARD APPROVAL LETTER

INDUSTRIAL TAX EXEMPTION (ITE) REPORT:

I. PROJECT DESCRIPTION

The Folger Coffee Company expanded its operations by adding equipment to launch the 1850 brand. Equipment associated with these projects include the purchase and installation of sprinklers, piping, doors, palletizing equipment, grinders, and crackers.

II. PROJECT ENROLLMENT

Advance Note Filed: August 2018
Application Filed: February 2020
Project Dates: August 2018 ~ July 2019
Board Approved: November 13, 2020

Projected effective date of the tax exemption: July 31, 201
Projected 5 year period beginning August 1, 2019 through July 31, 2024

III. CAPITAL INVESTMENT

The cost of capital acquisitions (equipment) for 5500 Chef Menteur Highway is reported as followed:

- The estimated grand total of equipment purchased= \$6,081,545

IV. OTHER FINANCIAL RESOURCES

Additional Tax Breaks and Financial Incentives pursued by applicant:

- No other state incentives reported

V. VALUE OF TAX ABATEMENT

- The amount of ad valorem (property) taxes paid on this property for the year prior to construction (2018) approximately: \$421,110
- Per the Assessor's Office, the estimated cumulative 5-year deferred *building* assessment is valued at \$173,840 and cost to the City (minus OPSB and Sheriff) is estimated at **\$18,420** (General Fund COST/ RTA recipient savings); the estimated cumulative 5-year deferred *equipment* assessment is valued at \$2,854,760 and ~~tax~~ *savings* the cost to the City is estimated at **\$302,520** (General Fund COST / RTA recipient savings); Value based on the property's post-projected assessed value of \$713,690
- Per LED, the estimated 10 year tax exemption is value at \$1,060,962
- Applicant's Property Tax Status as confirmed by the Assessor's Office: "up to date"

(See tax information on pages 4-5)

VI. HIRE NOLA (\$70-499)

Council Criteria Not Applicable (Advance Note filed prior to criteria adoption 5/17/19)*

VII. JOBS AND PAYROLL IMPACT (as defined by LA Quality Jobs Program standards)

Local criteria not applicable

Estimated Jobs reported to LED:

- # of existing jobs prior to project: 244
- # of permanent new direct jobs created: 5 ("0" new jobs created for this phase)
- new direct jobs payroll: \$200,000 ("0" new payroll created for this phase)
- existing jobs retained: No
- # of construction jobs created: 25
- construction jobs payroll: \$1,000,000

VIII. NOLABA IMPACT MODEL / COST BENEFIT ANALYSIS

Council Criteria Not Applicable

IX. OED'S ITEP PROJECT ASSESSMENT SUMMARY

Council Criteria Not Applicable / OED Summary Not Applicable

Board Approval Letter confirming compliance with the following state rules (See pg. 6):

✓	Classified Manufacturer as identified by a NAICS code that begins with 31, 32 or 33
	A commitment to job creation baselines
	No replacement capital
	A Cooperative Endeavor Agreement between the state and applicant (Exhibit A); a legal commitment to remain compliant with performance commitments
	Advance notification of intent to apply for tax exemption filed with the LED Office of Business Development (OBD) prior to the beginning of construction or installation of facilities on all projects for tax exemption (except as provided in §505)

X. ITE REVIEW COMMITTEE RECOMMENDATION

The ITEP Review Committee voted 4 in favor of approval and 1 in favor of disapproval, due to compliance with state rules. Based upon the time filed by this application, it is grandfathered under previous ITEP regulations and is not be subject to local criteria. With that, the committee will recommend **approval** of the tax exemption.

<u>4</u> Approved / <u>1</u> Disapproved/ <u>0</u> Abstained

➤ **ASSESSOR'S OFFICE VALUE INFORMATION**

ITE #20180298, The Folger Coffee Company, 5500 Chef Menteur Hwy. (Bldg and Equipment are done separately since values are added to both Real and Personal Property tax rolls.)

(Project reported to commence in August 2018 and is estimated to conclude July 2019) (year prior to project - 2018 Tax year)

Real Estate - 39W955148

Pre-construction (2018)	Land Apr	Bldg Apr	Total Apr	Land Asmt	Bldg Asmt	Tot Asmt
	1,550,000	4,112,700	5,662,700	155,000	616,910	771,910

Post-construction	Land Apr	Bldg Apr	Total Apr	Land Asmt	Bldg Asmt	Tot Asmt	Tot 5-year Deferred Asmt
	1,550,000	4,402,460	5,952,460	155,000	660,370	923,190	173840

Assessor's Tax Savings Formula:

Post-Construction Bldg Asmt – Pre-construction Bldg Asmt) X 5 years = (Total 5-year Deferred ASMT X 80%) X Millage Year prior to Construction [2018 – 0.15408] = \$

$(660,370 - 616,910 = 43,460) \times 5 = (217,300 \times .8) \times .15408 = \$26,785.27$ (\$26,790 Rounded) – Total

$(217,300 \times .8) \times .10597 = \$18,421.83$ (\$18,420 Rounded) – W/O School Board & Law Enforcement

Equipment - 39P130701

Post-construction 5-year depreciated equipment	Fair Market Value	Asmt	Tot 5-year Deferred Asmt
	4,757,920	713,690	2,854,760

Assessor's Tax Savings Formula:

Post-Construction PP Asmt X 5 years = (Total 5-year Deferred ASMT X 80%) X Millage Year prior to Construction [2018 – 0.15408] = \$ saved

$713,690 \times 5 = (3,568,450 \times .8) \times .15408 = \$439,861.42$ (\$439,860 Rounded) – Total

$(3,568,450 \times .8) \times .10597 = \$302,518.92$ (\$302,520 Rounded) – W/O School Board & Law Enforcement

**These figures represent 2018 and post ITE values only. Expiration of other ITEs and the addition of the associated improvement or equipment values have not been taken into consideration.

*In each case, to get the total deferred assessment and tax savings the numbers for equipment and real property must be added together.

**The equipment or Personal Property information is calculated as stand-alone values, since the assessments will change as ITE's expire. While we know different types of equipment have different depreciation schedules, all equipment is depreciated using the worst case scenario of a 20-year useful life, and applying a composite multiplier set by the Louisiana Tax Commission every year. (Future multipliers are estimated)

Lisa Ross, CLDA, RES
 Orleans Parish Assessor's Office
 City Hall - Room 4E01
 1300 Perdido Street
 New Orleans, LA 70112
 Phone: 504-658-1324
 Fax: 504-658-1353
 lcross@orleansassessors.com

➤ **BUREAU OF TREASURY TAX INVOICE INFO**



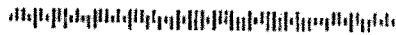
BUREAU OF THE TREASURY
 1300 Perdido Street, Room 1W40
 New Orleans, LA 70112



Property Location
 5500 CHEF MENTEUR HW

Tax Bill No.
 39P130701

Category	Assessment
INVENTORY	871,500
FURNISHINGS	42,000
MACHINERY	1,819,470
TOTAL	2,733,960



AUTO-INDEXED AACD 706
FOLGER COFFEE COMPANY (THE)
 1 STRAWBERRY LN
 ORRVILLE, OH 44667-1241

T24 P1,7807

Need to Correct your Mailing Address?

Please provide your authorization for a change of address **DIRECTLY** to your assessor. Any note written upon your bill stub, or separately, when sending your payment is **NOT** effective for that purpose. Use the form available at the assessor's website (www.nolaassessor.com) or call the assessor's office at 504-658-1300 for directions.

ONLY payments are processed at P O Box 60047 as shown on our payment stub.
 Legal Process and other correspondence must be sent to 1300 Perdido St, Rm 1W40, New Orleans, LA 70112.

Interest accrues at 1% per month on all delinquent taxes. All funds tendered will be applied to satisfy taxes, to the extent possible, from the latest delinquency going backwards with the current tax last.

Tax Bill No.	39P130701	P/P Business Tax, if Paid Before February 1, 2018	421,109.88
		Tax, Int, Fees, if Paid During the Month of February 2018	425,120.98
		Tax, Int, Fees, if Paid During the Month of March 2018	429,532.06
		Tax, Int, Fees, if Paid During the Month of April 2018	433,743.18
		Tax, Int, Fees, if Paid During the Month of May 2018	437,954.29

DETAIL OF BILL

This bill reflects payments through 12/15/17

Period	Type	Ref No.	Delinquency Date	Tax/Lien	Interest	City Fee	Collection Fee	Total
2018	BUSINESS P/P		2/1/18	421,109.88				421,109.88

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35.209.000.0000.21/631

ATTENTION TAXPAYERS

Properties with delinquent original 2018 taxes after May 31, 2018 will become eligible for initial legal proceedings and costs. Delinquent taxes under review for adjustment by the assessor remain subject to legal proceedings and costs. Full payment when billed is the only means to avoid legal proceedings and costs. Tax refunds are available if a lower tax liability is later authorized.

Contact your assessor's staff at 658-1300 for questions on your assessed valuation, mailing name and address. Their office is in City Hall, Room 4E02, hours 8:30 AM - 4:00 PM from Monday through Friday. For payment questions call 1-888-357-8027. Treasury's office in City Hall, Room 1W40, is open Monday through Friday from 8:00 AM through 5:00 PM.

Please make all checks payable to the City of New Orleans.

See reverse for how your tax dollars are spent.

ALWAYS RETURN this portion when paying by mail. Please ensure the City's return address appears in the return envelope window.

You may pay this bill online at www.nola.gov

2018 Business Personal Property Tax Bill

Tax Bill No. 39P130701
 Location: 5500 CHEF MENTEUR HW
 Owner: FOLGER COFFEE COMPANY (THE)
 1 STRAWBERRY LANE
 ORRVILLE, OH 44667

TOTAL DUE BY: 12/1/18	PAYMENT AMOUNT ENCLOSED
\$ 421,109.88	

Any partial payment will be first applied to delinquent taxes before taxes for the current year.
 All payments must be made in U.S. funds and drawn on a U.S. financial institution.



City of New Orleans-Property Tax Payment
 P O Box 60047
 New Orleans, LA 70160-0047

139P130701201820000700421109885

➤ **BOARD APPROVAL LETTER**



John Bel Edwards
Governor

Don Pierson
Secretary

November 16, 2020

Mayor LaToya Cantrell
Attn: Ms. Tracey M. Jackson
City of New Orleans
1340 Poydras Street, 18th Floor
New Orleans, LA 70112

RE: The Folger Coffee Company
Board of Commerce and Industry Approval Notice ("Notice")
Tax Exemption Application #20180298-ITE - \$6,081,545.00

Dear Mayor Cantrell:

This Notice is being provided to you pursuant to the Rules of the Board of Commerce and Industry ("Board"), effective August 20, 2018, specifically Title 13 of the Louisiana Administrative Code, §503(H)(1) ("Rule").

Pursuant to this Rule, the Notice is hereby given that the above-referenced Tax Exemption Application for The Folger Coffee Company, attached hereto along with the corresponding Exhibit A, was approved by the Board on Friday, November 13, 2020. Local governmental entities have thirty days to determine whether to take further action on the approval in accordance with the Rule and may provide the necessary notice to LED, timely, using the attached Notice of Action. Any local governmental entity that timely notifies LED that the above-referenced application has been placed on the agenda of a public meeting will have an additional thirty days to make a final determination in accordance with the Rule. If the local governmental entity takes no action or does not provide timely notice of action to LED within the delays provided by the Rule, then the application shall be deemed approved by that entity.

Sincerely,

A handwritten signature in black ink that reads "Kristin Cheng". The signature is fluid and cursive, with the first name "Kristin" and last name "Cheng" clearly distinguishable.

Kristin Cheng
Program Administrator
Industrial Tax Exemption Program
(225) 342-2083
ITEP@la.gov

c: Assessor, Orleans Parish