

STEVEN R. SCHOENY  
Director

THE CITY OF  
**COLUMBUS**  
MICHAEL B. COLEMAN, MAYOR

DEPARTMENT OF  
DEVELOPMENT

## MEMO

**To:** Columbus City Council  
**From:** Steven R. Schoeny, Development Director *SRS*  
**Date:** August 29, 2014  
**Re:** 2014 Tax Incentive Review Council recommendations

Office of the Director  
50 West Gay Street  
Columbus, OH 43215-9040  
(614) 645-7795  
(614) 645-6295 [FAX]

Code Enforcement Division  
757 Carolyn Avenue  
Columbus, OH 43224-3218  
(614) 645-2202  
(614) 645-2462 [FAX]

Economic Development Division  
150 South Front Street Suite 220  
Columbus, OH 43215-4418  
(614) 645-8616  
(614) 645-2486 [FAX]

Housing Division  
50 West Gay Street  
Columbus, OH 43215-9040  
(614) 645-7795  
(614) 645-6675 [FAX]

Planning Division  
50 West Gay Street  
Columbus, OH 43215-9040  
(614) 645-8664  
(614) 645-1483 [FAX]

Land Redevelopment Office  
50 West Gay Street  
Columbus, OH 43215-9040  
(614) 645-5263  
(614) 645-3092 [FAX]

I am pleased to submit solid evidence that our incentives are indeed leveraging private investment and job creation. Our statistics are based on fifty-nine (59) Enterprise Zone and Community Reinvestment Area Agreements active during 2013. The Tax Incentive Review Council (TIRC) evaluated the compliance status of these Agreements in sessions held August 21, 2014, and as of the end of 2013, these fifty-nine projects had:

- Created 4,629 jobs (258% of goal);
- Created \$331.7 million in new annual payroll (204% of goal);
- Retained 8,850 jobs (113% of goal); and
- Invested over \$798 million in real property improvements (159% of goal).

The TIRC has recommended as a result of its review that:

- Fifty-one (51) Agreements continue;
  - Forty-one (41) with no need for staff follow-up;
  - Ten (10) needing staff follow-up ranging from an information request to a warning letter to possible council action (including one amendment and one possible dissolution);
- Eight (8) Agreements expired.

The detailed recommendations of the TIRC are attached.

The Development Department supports the TIRC's recommendations and believes implementation will improve compliance for our portfolio of Agreements and will also preserve respect for the integrity of the City's tax incentive program.

Please note that ORC Section 5709.85 (E) provides that within sixty days after receipt of the TIRC recommendations, City Council shall vote to accept, reject, or modify all or any portion of the recommendations.

Quinten Harris, Deputy Director of Jobs & Economic Development, and I, are available to respond to any questions you may have.



## 2014 COLUMBUS TIRC SUMMARY OF RECOMMENDATIONS AUGUST 21, 2014

The Columbus Tax Incentive Review Council (TIRC) evaluated the compliance status of property tax related incentives – Enterprise Zone Agreements, Post-1994 Community Reinvestment Area Agreements, Pre-1994 Community Reinvestment Areas and Tax Increment Finance Districts – for Report Year 2013 in sessions held on August 21, 2014.

Ohio Revised Code Section 5709.85 (E): A legislative authority that receives from a tax incentive review council written recommendations under division (C)(1) or (D) of this section shall, within sixty days after receipt, hold a meeting and vote to accept, reject, or modify all or any portion of the recommendations. *(See Addendum final page.)*

### **ENTERPRISE ZONE & POST-1994 COMMUNITY REINVESTMENT AREA AGREEMENTS**

***The TIRC made recommendations on a total of 59 Enterprise Zone and Post-1994 Community Reinvestment Area Agreements.***

The breakdown by school district of these 59 Agreements is as follows: 43 Agreements in the Columbus City School District, 7 Agreements in the Hilliard City School District, 2 Agreements in the Olentangy Local School District, 2 Agreements in the South-Western City School District, 2 Agreements within the Groveport Madison Local School District, 1 Agreement within the Gahanna Jefferson City School District, 1 Agreement jointly within the Columbus & Gahanna Jefferson City School Districts and 1 Agreement within the Worthington City School District.

Depending on the status of the compliance of each project as per the terms of the Agreement, each project was assigned to either the Consent Agenda or the Review Agenda.

- 43 Agreements were assigned to the Consent Agenda with 38 recommended to be Continued, and 5 reported to have Expired.
- 16 Agreements were assigned to the Review Agenda with 3 agreements individually reviewed and recommended to Continue, 3 agreements which Expired and 10 Agreements individually reviewed and recommended for various types of staff action: 1 Agreement individually reviewed and recommended to Amend; 8 Agreements individually reviewed and recommended to Continue with staff follow-up; and 1 Agreement individually reviewed with action recommended which could lead to a Dissolution.

### **Consent Agenda Summary – 31 Agreements**

***43 Agreements on the Consent Agenda were recommended to Continue***

Columbus City School District (CCSD): ADS Alliance Data Systems, Inc. & NRFC Easton Holdings, LLC; Broad & High CRI LP; Capital City Group, Inc.; Carr Supply, Inc.; Cassidy Gateway Partners, LLC & Mid-Ohio Oncology/Hematology, Inc.; Columbus Equipment Company; Continental/Olentangy Hotel, LLC; DSW Inc. & 4300 Venture 3491 LLC; EMH&T and Wishbone Partners, LLC; Gowdy Partners II LLC; Gowdy Partners III LLC; Hirschvogel Incorporated; The Huntington National Bank; Knightsbridge Olentangy, LLC; Liberty Place, LLC (Phase I & Phase II); Menard, Inc.; NWD Investments & Columbia Gas of Ohio; Orange Barrel Media, LLC et al; Plaza Core Hotel LLC; Retail Ventures et al; Riverview Hotel, LLC; R. W. Setterlin Building Company; SPARC Holdings, LLC; Time Warner Cable Midwest LLC; Tower 10, LLC; Town Square Limited Partnership; and Wood Real Estate LLC & Wood Operating Co.

Hilliard City School District (HCSD): Allied Mineral Products, Inc.; Boehringer Ingelheim Roxane, Inc. and Affiliates #2; Boehringer Ingelheim Roxane, Inc. and Affiliates #3; Boehringer Ingelheim Roxane, Inc. #4; Simpson Strong-Tie Co.; and VNC Bearing, Inc. & VNAC Holdings Ltd.  
Groveport Madison Local School District (GMLSD): Cloverleaf Cold Storage Co. & CCS Realty Co. #1 and Cloverleaf Cold Storage Co. & CCS Realty Co. #2.  
South-Western City School District (SWCSD): Crafts Americana Group, Inc. and MSC Industrial Direct Co., Inc. et al.  
Worthington City School District (WCSD): SEA, Ltd.

**5 Agreements on the Consent Agenda were noted to have Expired in Good Standing**

670 Cap Partners Ltd; AmerisourceBergen Drug Corporation; Comtex; Nationwide Arena LLC; and Restaurant Equipments, Inc. (CCSD).

**Review Agenda Summary – 16 Agreements**

**3 Agreements were individually reviewed and recommended to Continue**

Columbus City School District (CCSD): American Bottling Company & DP Columbus Portfolio LP.  
Columbus & Gahanna Jefferson City School Districts (C&GJCSD): NetJets Inc. & Realty Income Properties 6 LLC.  
Olentangy Local School District (OLSD): Polaris Medical Office Development, LLC.

**3 Agreements on the Review Agenda were reviewed and noted to have Expired**

Terminal Warehouse, Inc. et al (CCSD); Mettler-Toledo Scale (OLSD); and Meritex Columbus, LLC (HCSD).

**10 Agreements were individually reviewed and recommended for various types of staff follow-up or City Council Action**

1179 E. Main Redevelopment, LLC & Columbus Compact Corporation; Amamata, LLC; E.W. High Street LLC & E.W. Hubbard High LLC; Greater Linden Development Corporation & NLR Group Ltd.; King Lincoln Gateway, LLC; MORSO Holding Co.; Pizzuti Short North Office LLC; Town Square LP & Heartland Bank; V&S Columbus Galvanizing et al; Whirlpool Corporation, et al.

**REVIEW AGENDA ACTION ITEMS – TIRC RECOMMENDATIONS**

*City Council may accept, reject or modify these TIRC recommendations within 60 days of September 1.*

**1 Agreement individually reviewed and recommended staff follow-up which would determine whether to CONTINUE or DISSOLVE**

- Greater Linden Development Corporation & NLR Group Ltd. (EZA 023-06-03; CCSD): For RY2013 the project DID NOT REPORT. Enterprise missed the reporting deadline of March 31, 2014 – Communication with Enterprise on June 10, 2014 advising lack of reporting and then-current state of non-compliance – Response from Enterprise was that "it's been a very difficult first half of the year in some ways" and that the report would be submitted ASAP – As of the date of the TIRC, no report had been submitted – the TIRC recommended that Enterprise should be sent a letter via Certified Mail requesting full reporting within 60 days of receipt of the letter and if full reporting is not made then the Agreement should be DISSOLVED.

**1 Agreement individually reviewed and recommended to AMEND**

- 1179 E. Main Redevelopment, LLC & Columbus Compact Corporation (EZA 023-08-05; CCSD): The new job creation and new job payroll commitments were to be realized by the end of 2013 –

job and payroll numbers were deficient for RY2013 (16 jobs commitment, 10 jobs reported; \$319K payroll commitment, \$260K reported) – this project involved the construction of a 11,000 SF retail facility consisting of two buildings, one larger than the other, in a very distressed area of the city with the larger building being dedicated to a new Sav a Lot grocery franchise and a clothing store but the second smaller building was not able to be constructed and the 16 new job figure was based on full build out – following staff contact project indicated that changing market conditions (the store has seen a 25% reduction in business mostly attributed to the loss of 1,400 low to mod income residents in the area (Poindexter) and a rent concession was given to assist the business with the decline in sales revenue) – the TIRC recommended the Agreement be CONTINUED and that city staff meet with project to determine proper revised job and payroll levels and that the Agreement be AMENDED accordingly.

**8 Agreements individually reviewed and recommended to Continue with staff follow-up:**

- E.W. High Street, LLC & E.W. Hubbard High, LLC (CRA 049-18000-40 / XX-XXX; CCSD): This new project (the "Hub") involves the ground floor commercial retail space and 322 space parking garage (the "exempt facility" as per the CRA agreement) of a new mixed use building (the other use being apartments on the upper floors) in the Short North and within the Short North CRA – reporting requirements were discussed with Enterprise on February 26, 2014 but Enterprise missed the reporting deadline of March 31, 2014 – contact with Enterprise on August 6, 2014 and annual report was received on August 18, 2014 – there is an additional issue in that the Ohio Development Services Agency (ODSA) has delayed approval of the agreement based on an issue related to disputed investment, completed assessed value and payroll numbers within the agreement which would allow for the 100% exemption amount as per the Ohio Revised Code – the TIRC recommended to CONTINUE, to send Enterprise a letter which would (1) remind them of the importance of accurate and timely reporting and (2) instruct them to remedy the dispute with the ODSA so that the agreement be approved and (3) indicate that no abatement may be applied to the parcels involved with the "exempt facility" until the dispute is settled.
- King Lincoln Gateway, LLC (EZA 023-05-10; CCSD): CONTINUE and continue to work with Enterprise a letter to achieve better and more complete reporting in future years.
- MORSO Holding Co. (CRA 049-18000-15 / 08-001; CCSD): As of the date of the TIRC this project had failed to report – the TIRC recommended to CONTINUE and to send Enterprise a letter via Certified Mail requesting full reporting within 120 days of receipt of the letter and further assessment would be made following review of RY2014 annual report (NOTE: Annual reporting materials received August 21, 2014 following the completion of the TIRC; city will send Enterprise a letter noting the above and reminding them of the importance of timely and accurate reporting).
- Pizzuti Short North Office LLC (EZA 023-13-01; CCSD): Enterprise missed the reporting deadline of March 31, 2014 – incomplete reporting was received on May 13 and June 4 – missing from report was construction wage and withholding data – the TIRC recommended to CONTINUE and to send Enterprise a letter via Certified Mail requesting full reporting within 120 days of receipt of the letter and further assessment would be made following review of RY2014 annual report.
- Town Square Limited Partnership & Heartland Bank (EZA 023-13-02; CCSD): Annual reporting was incomplete – missing from report was construction wage and withholding data – Enterprise indicated missing information would be forthcoming but it was never received – the TIRC recommended to CONTINUE and to send Enterprise a letter via Certified Mail requesting full reporting within 120 days of receipt of the letter and further assessment would be made following review of RY2014 annual report.
- V&S Columbus Galvanizing LLC, Voight & Schweitzer LLC and Hill & Smith, Inc. (EZA 023-12-03; CCSD): This project is within the 3-year job creation window but retained jobs and new job creation is below commitment levels – the TIRC recommended to CONTINUE and as this was

the first year of the job creation window to send Enterprise a letter requesting a job creation plan detailing how they plan to achieve their retention and creation goals by 2015.

- Whirlpool Corporation, Kenco Logistic Services & D/P Rickenbacker LLC (CRA 049-18000-14 / 08-001; CCSD): CONTINUE and send Enterprise a letter to request a job plan detailing how they will fulfill their obligation of 200 jobs.
- Amamata, LLC (EZA 023-12-04; GJCSD): Annual reporting for this project was incomplete as it did not include construction wage and property tax information – Enterprise indicated they would supply the needed information but it was never supplied – at the TIRC the County Auditor indicated that they show no value increase for the parcel and that the project appears to be behind schedule by (at least) a year – the Auditor also indicated that the second half 2013 property taxes in the amount of \$21,078.86 had not yet been paid – the TIRC recommended to CONTINUE and send Enterprise a letter via Certified Mail requesting full reporting and an update on the progress of the real estate improvements and contingent on Enterprise making payment of their delinquent property taxes, to AMEND the agreement to extend the construction window and the tax abatement application window.

## **TAX INCREMENT FINANCE DISTRICTS & PRE-1994 COMMUNITY REINVESTMENT AREAS**

***The TIRC reviewed 61 Tax Increment Finance (TIF) Districts, 2 Pre-1994 Community Reinvestment Areas (with active projects) and 18 Residential Community Reinvestment Areas***

### **TIF Districts**

Prior to the TIRC review, in August 2014, the Franklin County Auditor's office provided a list of tax delinquent parcels to City staff.

Based on this notification, as of the TIRC reviews held on August 21, 282 parcels in TIF districts were reported to have tax delinquencies: 19 parcels in the 3<sup>rd</sup> Olentangy .40(B) TIF, 6 parcels in the AC Humko I .41 TIF, 34 parcels in the AC Humko II .40(C) TIF, 2 parcels in the Alum Creek-Watkins Rd. .40(C) TIF, 11 parcels in the Brewery District II .40(C) TIF, 24 parcels in the Downtown Columbus .40(B) TIF; 9 parcels in the Hayden Run North .40(C) TIF, 7 parcels in the Hayden Run South .40(C) TIF, 56 parcels in the Italian Village (Jeffrey Place) .40(B) TIF, 40 parcels in the Jeffrey Place .41 TIF, 5 parcels in the Miranova .41 TIF, 11 parcels in the Morse Road .40(B) TIF, 2 parcels in the Nationwide Arena District .40 TIF, 5 parcels in the Nationwide Pen Site .41 TIF, 4 parcels in the Nationwide Pen West-East .40(B) TIF, 2 parcels in the Northeast Albany Crossing .40(C) TIF, 1 parcel in the Northeast New Albany West-Central College .40(C) TIF, 6 parcels in the Northeast Upper Albany West .40(C) TIF, 3 parcels in the Northland .41 TIF, 14 parcels in the Rocky Fork .40(C) TIF, 30 parcels in the Short North .40(C) TIF, 6 in the East Broad Lucent Incentive .40(C) TIF, 2 parcels in the Waggoner Rd .40(C) TIF, 4 parcels in the Northeast Preserve .40(C) and 4 parcels in the East Broad: East Broad Dominion .40(C) TIF.

- The TIRC voted to accept the City's TIF report and found the City's TIFs to be in order.

### **Pre-1994 CRAs and Residential CRAs**

Prior to the TIRC review, in August 2014, the Franklin County Auditor's Office provided a list of tax delinquent parcels in the pre-1994 CRAs and the residential CRAs to City staff.

As of the TIRC reviews held on August 21, 102 parcels were reported to have tax delinquencies (data provided by the Franklin County Auditor): 59 parcels in the Downtown Residential CRA, 5 parcels in the Residential A (Linden) CRA, 7 parcels in the Residential B (North of Broad) CRA, 3 in the Residential C

(Southside) CRA, 2 parcels in the Residential D (Hilltop) CRA, 7 parcels in the Residential E (South of Main) CRA, 5 parcels in the Residential F (Weinland Park) CRA, 2 parcels in the Residential G (Franklinton) CRA, 9 parcels in the Residential AC Humko Harrison Park CRA, and 3 parcels in the Residential High & Second CRA.

- The TIRC voted to accept the City's Pre-1994 CRA and Residential CRA report and find the City's Pre-1994 CRAs and Residential CRAs in order provided that the City send letters to the delinquent property owners within the City's Pre-1994 and Residential CRAs.

## **ADDENDUM**

Ohio Revised Code Section 5709.85 (C)(1):

Annually, the tax incentive review council shall review all agreements granting exemptions from property taxation under Chapter 725. or 1728. or under section 3735.671, 5709.28, 5709.62, 5709.63, or 5709.632 of the Revised Code, and any performance or audit reports required to be submitted pursuant to those agreements. The review shall include agreements granting such exemptions that were entered into prior to July 22, 1994, that continue to be in force and applicable to the current year's property taxes.

With respect to each agreement, other than an agreement entered into under section 5709.28 of the Revised Code, the council shall determine whether the owner of the exempted property has complied with the agreement, and may take into consideration any fluctuations in the business cycle unique to the owner's business.

With respect to an agreement entered into under section 5709.28 of the Revised Code, the council shall consist of the members described in division (A)(2) of this section and shall determine whether the agreement complies with the requirements of section 5709.28 of the Revised Code and whether a withdrawal, removal, or conversion of land from an agricultural security area established under Chapter 931. of the Revised Code has occurred in a manner that makes the exempted property no longer eligible for the exemption.

On the basis of the determinations, on or before the first day of September of each year, the council shall submit to the legislative authority written recommendations for continuation, modification, or cancellation of each agreement.

Ohio Revised Code Section 5709.85 (D):

Annually, the tax incentive review council shall review the compliance of each recipient of a tax exemption under Chapter 725. or 1728. or section 3735.67, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code with the nondiscriminatory hiring policies developed by the county, township, or municipal corporation under section 5709.832 of the Revised Code. Upon the request of the council, the recipient shall provide the council any information necessary to perform its review. On the basis of its review, the council may submit to the legislative authority written recommendations for enhancing compliance with the nondiscriminatory hiring policies.

Ohio Revised Code Section 5709.85 (E):

A legislative authority that receives from a tax incentive review council written recommendations under division (C)(1) or (D) of this section shall, within sixty days after receipt, hold a meeting and vote to accept, reject, or modify all or any portion of the recommendations.