



Legislation Details (With Text)

File #: 1308-2016 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 5/6/2016 **In control:** Economic Development Committee

On agenda: 6/6/2016 **Final action:** 6/9/2016

Title: To authorize the Director of Development to enter into an Enterprise Zone Agreement with Cleve Corp. and United Parcel Service, Inc. for a property tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed total investment of approximately \$177 million, the retention of 748 full-time permanent positions, and the creation of 75 new full-time permanent positions. (AMENDED BY ORD. 0449-2017 PASSED 2/27/2017)

Sponsors:

Indexes:

Code sections:

Attachments: 1. ORD1308-2016 United Parcel Service Inc. - Fact Sheet (EZ), 2. ORD1308-2016 United Parcel Service Inc. - Site Map (EZ)

Date	Ver.	Action By	Action	Result
6/9/2016	1	CITY CLERK	Attest	
6/8/2016	1	MAYOR	Signed	
6/6/2016	1	COUNCIL PRESIDENT	Signed	
6/6/2016	1	Columbus City Council	Approved	Pass
5/23/2016	1	Columbus City Council	Read for the First Time	

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement with Cleve Corp. and United Parcel Service, Inc. The Ohio Enterprise Zone law (Section 5709.62(C) of the Ohio Revised Code) requires the City to enter into Council-approved agreements between the City and participating companies.

Cleve Corp. is a real estate holding entity related to the site operator, United Parcel Service, Inc. (“United Parcel Service”). Founded in 1907, United Parcel Service is a package delivery company which provides global packaging delivery and supply chain management services. United Parcel Service offers logistics services to the global market, which include transportation, distribution, forwarding, ground, ocean and air freight, brokerage and financing.

Cleve Corp., together with the related site operator, United Parcel Service, Inc., is proposing to expand its existing 408,343-square-foot facility located at 5101 Trabue Road Columbus, Ohio 43228 (parcel number: 560-205289) by adding approximately 348,196 square feet of warehouse distribution space. United Parcel Service will occupy the entirety of the expanded space. This investment is both an expansion and modification project to upgrade United Parcel Service’s existing infrastructure to meet expected site demands for several years to come. Principally, these improvements are expected to increase the company’s package sorting capacity (packages per hour).

United Parcel Service, Inc. will retain 748 full-time permanent positions at the project site and create 75 new full-time permanent positions with an associated new annual payroll of approximately \$3,185,000. The project involves a total investment of approximately \$176,943,365, which includes approximately \$43,155,760 in real property improvement costs and the balance related to the acquisition of machinery, equipment, computers, and leasehold improvements.

The Department of Development recommends an Enterprise Zone property tax abatement of seventy-five percent (75%)

for a period of ten (10) years on real property improvements for the purpose of constructing an additional 348,196 square feet of warehouse distribution space at 5101 Trabue Road Columbus, Ohio 43228.

The Hilliard City School District and the Tolles Career & Technical Center School District have been advised of this project. This legislation is presented as 30 day legislation.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into an Enterprise Zone Agreement with Cleve Corp. and United Parcel Service, Inc. for a property tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed total investment of approximately \$177 million, the retention of 748 full-time permanent positions, and the creation of 75 new full-time permanent positions. **(AMENDED BY ORD. 0449-2017 PASSED 2/27/2017)**

WHEREAS, the Columbus City Council authorized the designation of the Central Enterprise Zone by legislation, Ordinance 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinances 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2690-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 0533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 0225-03 in 2003; and 0032-2012 in 2012; and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinances continued to contain the characteristics set forth in Section 5709.61 (A) of the Ohio Revised Code and recertified said Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992, May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999, September 25, 2000, January 27, 2003, August 19, 2003 and most recently on April 3, 2012 as an "urban jobs and enterprise zone" under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, Cleve Corp. proposes to expand their existing 408,343-square-foot facility located at 5101 Trabue Road Columbus, Ohio 43228 (parcel number: 560-205289) by approximately 348,196 square feet, which will be entirely occupied by United Parcel Service, Inc.; and

WHEREAS, Cleve Corp. and United Parcel Service, Inc. will invest a total of approximately \$43,155,760 in real property improvements related to new building construction; and

WHEREAS, contingent on the City granting an Enterprise Zone property tax abatement, United Parcel Service, Inc. will retain 748 full-time permanent positions at the project site and create 75 new full-time permanent positions with an associated new annual payroll of approximately \$3,185,000; thereby increasing job opportunities and strengthening the economy of the City; and

WHEREAS, Cleve Corp. and United Parcel Service, Inc. have each indicated that receiving this tax incentive from the City is crucial to their decision to advance the aforementioned expansion in Columbus; and

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the City desires to enter into such a binding formal agreement in order to foster economic growth for the preservation of the public health, property, safety and welfare; **NOW THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That City hereby finds and determines that the project will (1) create jobs in the State and City (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax abatement is a critical factor in the decision by Cleve Corp. and United Parcel Service, Inc. to expand the Trabue Road facility.

SECTION 2. That the Director of Development is hereby authorized and directed to enter into and execute an Enterprise Zone Agreement with Cleve Corp. and United Parcel Service, Inc. to provide therewith an exemption of seventy-five percent (75%) on real property improvements for a term of ten (10) taxable years in association with the project's proposed total investment of approximately \$176,943,365, which includes \$43,155,760 in real property improvements and the balance related to the acquisition of machinery, equipment, computers, and leasehold improvements; the retention of 748 full-time permanent positions; and the creation of 75 new full-time permanent positions with an associated new annual payroll of approximately \$3,185,000 at 5101 Trabue Road Columbus, Ohio 43228.

SECTION 3. That the City of Columbus Enterprise Zone Agreement shall be signed by Cleve Corp. and United Parcel Service, Inc. within ninety (90) days of passage of this ordinance or this ordinance and the abatement authorized herein shall be null and void.

SECTION 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.