



Legislation Details (With Text)

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File created: 6/7/2007 **In control:** Development Committee

On agenda: 6/25/2007 **Final action:** 6/27/2007

Title: To authorize the Director of Development to enter into an Enterprise Zone Agreement with VNC Bearing, Inc. and VNAC Holdings LTD for a tax abatement of 65% for a period of seven years in consideration of a proposed \$4.1 million investment in real property improvements and personal property, the retention of seven full-time permanent positions and the creation of 21 full-time permanent jobs; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
6/27/2007	1	CITY CLERK	Attest	
6/26/2007	1	MAYOR	Signed	
6/25/2007	1	Columbus City Council	Approved	Pass
6/25/2007	1	COUNCIL PRESIDENT	Signed	
6/11/2007	1	Dev Drafter	Sent to Clerk's Office for Council	
6/8/2007	1	Dev Drafter	Sent for Approval	
6/8/2007	1	CITY ATTORNEY	Reviewed and Approved	
6/7/2007	1	Dev Drafter	Sent for Approval	
6/7/2007	1	DEVELOPMENT DIRECTOR	Reviewed and Approved	

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement with VNC Bearing, Inc. and VNAC Holdings LTD. The Ohio Enterprise Zone law O.R.C. Section 5709.62 (3) requires the City to enter into a Council-approved agreement between the City and participating companies.

VNC Bearing, Inc. (VNC) imports and wholesales industrial supplies, specializing in bearings. The company was founded in 1994 in Long Beach, California and relocated its headquarters to Columbus, Ohio in 1998.

VNC imports various types of bearings from around the world and supplies customers in the United States, Canada and Mexico. VNC supplies bearings for trailers, electric motors and pumps, material handling equipment and power equipment.

Due to an increase in business, VNC needs additional space. VNC's real estate holding company, VNAC Holdings LTD, is proposing to build a business condominium project consisting of 2 buildings with 11 units totaling 58,000 square feet on Paragon Drive. VNC will occupy 3 of the units, the other 8 units will be sold as industrial flex condos. The future business condo unit owners will sign a Partial Assignment Agreement to be eligible for their portion of the tax abatement.

The project will include an investment of \$4.1 million in real property improvements and personal property, the creation of 21 new full-time permanent jobs and the retention of 7 full-time permanent jobs.

The Department of Development recommends a 65%/7 year Enterprise Zone tax abatement on real property improvements. The

proposal is consistent with the Columbus Tax Incentive Policy under Edge City projects.

Emergency action is requested of City Council in order to facilitate a project start.

The Hilliard School District has been advised of this project.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into an Enterprise Zone Agreement with VNC Bearing, Inc. and VNAC Holdings LTD for a tax abatement of 65% for a period of seven years in consideration of a proposed \$4.1 million investment in real property improvements and personal property, the retention of seven full-time permanent positions and the creation of 21 full-time permanent jobs; and to declare an emergency.

WHEREAS, the Columbus City Council authorized the designation of the Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinance Nos. 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2609-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; and 225-03 in 2003; 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 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 and most recently on August 19, 2003 as an "urban jobs and enterprise zone" under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, VNAC Holdings LTD plans to invest \$2.5 million in real property improvements on parcel# 560-211485 to build a business condominium project consisting of two buildings with eleven units totaling approximately 58,000 square feet of usable area; and

WHEREAS, VNC Bearings, Inc. will invest \$1.6 million in personal property, retain 7 (seven) full-time permanent positions and create 21 (twenty-one) new full-time permanent positions within the City; and

WHEREAS, the future owners of the units in the facility will sign a Partial Assignment Agreement related to this project; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to enter into contract with VNC Bearings, Inc. and VNAC Holdings LTD for the preservation of public health, peace, property and safety, **NOW, THEREFORE,**

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

Section 1. That the Director of Development is hereby authorized to enter into an Enterprise Zone Agreement with VNC Bearings, Inc. and VNAC Holdings LTD and to provide therewith an exemption of sixty-five percent (65%) on real property improvements for a term of seven (7) taxable years in association with the project's proposed \$4.1 million investment and job retention and creation.

Section 2. The Director of Development is hereby authorized to consent to future Partial Assignment Agreements with purchasers of the planned business condominium units upon sale of these units provided the purchasers or owners agree to the job and reporting requirements under the Enterprise Zone Agreement and Partial Assignment Agreement.

Section 3. That the City of Columbus Enterprise Zone Agreement be signed by VNC Bearings, Inc. and VNAC Holdings LTD within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credits authorized herein are null and void.

Section 4. That for reasons stated in the preamble hereto, which is hereby made a part hereof the ordinance is hereby declared

to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after the passage if the Mayor neither approves nor vetoes the same.