



Legislation Details (With Text)

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Title: To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management to amend the job creation and new job payroll commitments as set forth in the Agreement; and to declare an emergency.

Sponsors:

Indexes:

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Date	Ver.	Action By	Action	Result
3/17/2016	1	CITY CLERK	Attest	
3/16/2016	1	MAYOR	Signed	
3/14/2016	1	COUNCIL PRESIDENT	Signed	
3/14/2016	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council, by Ordinance 1668-2012, passed July 30, 2012, authorized the City of Columbus to enter into an Enterprise Zone Agreement (the Agreement) with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management (collectively Enterprise) for 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 investment of approximately \$55.5 million, including \$27.5 million for building construction, \$26.7 million for machinery and equipment, and \$1.3 million for furniture and fixtures and the creation of 300 new permanent full-time positions with an annual payroll of approximately \$8.3 million. The Agreement was made and entered into to be effective October 1, 2012 by and between the City and the Enterprise with the term to commence no later than 2015 and to extend no later than 2024.

In a letter from the Enterprise dated January 22, 2016, the Enterprise stated that since the Agreement was executed in 2012 they have faced unexpected, adverse economic conditions causing a decline in overall global activity. The Enterprise is one of the largest direct marketers and distributors in the United States. The Enterprise distributes its broad range of metalworking, maintenance, repair and operational supplies to industrial customers throughout the U.S. Unfortunately, the recent decline in oil prices has resulted in lower than projected order volumes from industrial customers servicing the oil and gas industries. Weaker than expected export demand has also hindered growth. The Enterprise expects these economic conditions to persist and has therefore requested that the job creation commitment and associated payroll as stated in the Agreement be reduced. As such, the need exists to amend the Enterprise's job creation and new job payroll commitments as set forth in the Agreement.

This legislation seeks to authorize the amendment of the Agreement to reduce the job creation and new job payroll commitments from 300 full-time, permanent employees with an associated annual payroll of approximately \$8,300,000 to 198 full-time, permanent employees with an associated annual payroll of approximately \$6,000,000.

This legislation is presented as an emergency measure in order for this amendment to be legislated in as expedient a

manner as possible without unnecessary delay.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management to amend the job creation and new job payroll commitments as set forth in the Agreement; and to declare an emergency.

WHEREAS, the Columbus City Council approved the Enterprise Zone Agreement (Agreement) with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management (collectively Enterprise) on July 30, 2012 by Ordinance 1668-2012. The Agreement was entered into effective October 1, 2012 by and between the City, MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management; and

WHEREAS, the Agreement grants the Enterprise 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 investment of approximately \$55.5 million, including \$27.5 million for building construction, and the creation of 300 new full-time jobs at the Project Site, 1568 Georgesville Road (currently parcel 570-291527; formerly parcels 570-154767, 570-154749, and 570-154768); and

WHEREAS, in a letter from the Enterprise dated January 22, 2016, the Enterprise stated that since the Agreement was executed in 2012 they have faced unexpected, adverse economic conditions causing a decline in overall global activity; and

WHEREAS, in this same letter the Enterprise requested that the job creation commitment and associated payroll as stated in the Agreement be reduced from 300 full-time, permanent employees with an associated annual payroll of approximately \$8,300,000 to 198 full-time, permanent employees with an associated annual payroll of approximately \$6,000,000; and

WHEREAS, the City desires to authorize the Director of Development to amend the Agreement to reduce the job creation commitment and associated payroll; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, in that it is immediately necessary to take action on this Agreement in order for this amendment to be legislated in as expedient manner as possible so that this amendment to the Agreement can be executed without unnecessary delay, and to preserve the public health, property, safety and welfare; **NOW, THEREFORE**

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

SECTION 1. That the Director of Development is hereby authorized to amend the Enterprise Zone Agreement with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management to reduce the job creation and new job payroll commitments from 300 full-time, permanent employees with an associated annual payroll of approximately \$8,300,000 to 198 full-time, permanent employees with an associated annual payroll of approximately \$6,000,000.

SECTION 2. That all other terms of the Enterprise Zone Agreement are not modified by this amendment and it is expected to run through 2024.

SECTION 3. That the amendment to the City of Columbus Enterprise Zone Agreement be signed by the Enterprise

within 90 days of passage of this ordinance, or this ordinance and the tax incentive authorized herein shall be null and void.

SECTION 4. For the reasons stated in the preamble hereto, which is made a part hereof, this Ordinance is 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 (10) days after passage if the Mayor neither approves nor vetoes this Ordinance.