



Legislation Details (With Text)

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Title: To dissolve the Enterprise Zone Agreement with Cabot Properties, Inc., aka (CIVF I-OH1B02 LLC), and to direct the Director of the Department of Development to notify as necessary the local and state tax authorities; and to declare an emergency.

Sponsors:

Indexes:

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Attachments:

Date	Ver.	Action By	Action	Result
12/11/2013	1	CITY CLERK	Attest	
12/11/2013	1	ACTING MAYOR	Signed	
12/9/2013	1	COUNCIL PRESIDENT	Signed	
12/9/2013	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council, by Ordinance 0605-2004, passed March 29, 2004 authorized the City of Columbus (City) to enter into an Enterprise Zone Agreement (Agreement) with Cabot Properties, Inc., aka (CIVF I-OH1B02 LLC) (hereinafter “Enterprise”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of an investment of \$11.2 million in real property improvements and the creation of 150 new full-time jobs related to the construction of an approximately 500,000 square foot facility at Eastport Business Park in the Rickenbacker area, parcel 495-255312 (The Project Site), in Columbus, Ohio, within the City of Columbus Enterprise Zone (Zone #023) and within the Columbus City School District. The Agreement was made and entered into to be effective April 6, 2005 (EZA #023-05-02) with the term of the abatement running from 2006 to 2015.

As per the annual report submitted for Report Year 2012, Enterprise reported no new jobs on site and no payroll which placed the project in a state of non-compliance as per the terms of the Agreement. Enterprise did report a total investment in real property improvements over the term of the abatement thus far of \$9.41 million which is 84% of the commitment in the Agreement of \$11.2 million. This information was presented at the 2013 Columbus Tax Incentive Review Council (the TIRC). It was also reported to the TIRC that the facility has been vacant since 2009 (four years) and that the average time on market in the Rickenbacker area (according to Enterprise) for a facility of this type is 4.5 years, that forgone tax for tax year 2011 was \$255,011 (taxes paid was \$147,144) and that the reported cumulative forgone tax over the term of the abatement thus far was \$1,531,168 (taxes paid was \$898,756). City staff recommended to the TIRC that the Agreement be continued and that a letter be sent to Enterprise requesting that they continue to advise the City as to the status of their efforts to lease the property. The recommendation of the TIRC was to dissolve the Agreement.

This legislation is presented as an emergency measure in order for this dissolution to be legislated prior to the end of 2013 so that this dissolution of the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2013.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with Cabot Properties, Inc., aka (CIVF I-OH1B02 LLC), and to direct the Director of the Department of Development to notify as necessary the local and state tax authorities; and to declare an emergency.

WHEREAS, the Columbus City Council approved the Enterprise Zone Agreement (Agreement) with Cabot Properties, Inc., aka (CIVF I-OH1B02 LLC) on March 29, 2004 by Ordinance 0605-2004 and entered into effective April 6, 2005; and

WHEREAS, the Agreement granted Cabot Properties, Inc., aka (CIVF I-OH1B02 LLC), (Enterprise) a 75%/10-Year abatement on real property improvements with the term of the abatement running from 2006 through 2015; and

WHEREAS, the Agreement committed Enterprise to an investment of \$11.2 million in real property improvements and the creation of 150 new full-time jobs related to the construction of an approximately 500,000 square foot facility at Eastport Business Park in the Rickenbacker area, parcel 495-255312 (The Project Site), in Columbus, Ohio, within the City of Columbus Enterprise Zone (Zone #023) and within the Columbus City School District; and

WHEREAS, in the annual report submitted for Report Year 2012, Enterprise created no new jobs at the project site and no new payroll which placed the project in a state of non-compliance as per the terms of the Agreement; and

WHEREAS, it was also reported by Enterprise that the total investment in real property improvements over the term of the abatement was \$9.41 million which is 84% of the commitment in the Agreement of \$11.2 million, that the facility has been vacant since 2009 (four years) and that the average time on market in the Rickenbacker area for a facility of this type is 4.5 years; and

WHEREAS, it was also reported that forgone tax for tax year 2011 was \$255,011 (taxes paid was \$147,144) and that the reported cumulative forgone tax over the term of the abatement thus far was \$1,531,168 (taxes paid was \$898,756); and

WHEREAS, this information was presented at the 2012 Columbus Tax Incentive Review Council (the TIRC) and City staff recommended to the TIRC that the Agreement be continued and that a letter be sent to Enterprise requesting that they continue to advise the City as to the status of their efforts to lease the property; and

WHEREAS, the recommendation of the TIRC was to dissolve the Agreement; 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 dissolution to be legislated prior to the end of 2013 so that the dissolution of the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2013, all 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 Columbus City Council hereby dissolves the Cabot Properties, Inc., aka (CIVF I-OH1B02 LLC), Enterprise Zone Agreement (Agreement Number 023-05-02) which applied a 75%/10-year real property tax abatement to parcel number 495-255312 within the City of Columbus Enterprise Zone as of December 31, 2012, with 2012 being the final reporting year and the final year for any tax exemptions.

Section 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Cabot Properties, Inc., aka (CIVF I-OH1B02 LLC), Enterprise Zone Agreement.

Section 3. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is

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