



Legislation Details (With Text)

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Title: To authorize the Director of Development to enter into an Enterprise Zone Agreement with Hirschvogel Incorporated for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed total investment of \$50.35 million, creation of 37 new full-time permanent positions and the retention of 322 full-time jobs.

Sponsors:

Indexes:

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Attachments: 1. ORD0832-2015 Hirschvogel - EZA Fact Sheet, 2. ORD0832-2015 Hirschvogel - EZA Project Site Map

Date	Ver.	Action By	Action	Result
4/22/2015	1	CITY CLERK	Attest	
4/21/2015	1	ACTING MAYOR	Signed	
4/20/2015	1	COUNCIL PRESIDENT	Signed	
4/20/2015	1	Columbus City Council	Approved	Pass
3/30/2015	1	Columbus City Council	Read for the First Time	

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

Hirschvogel began in a garage in 1938 and is now one of the largest automotive suppliers in the world for steel and aluminum forging. Headquartered in Denklingen, Germany, the company operates three additional facilities in Germany. It also has operations in India, Brazil, Poland, China and Columbus, Ohio. Hirschvogel currently employs over 4,000 people throughout its entire operation. The Columbus operation, Hirschvogel Incorporated, manufactures warm and cold forgings and steel forming for the North American automotive tier 1 suppliers and for the original equipment manufacturers (OEMs). The facility in Columbus was purchased by Hirschvogel in 1988 and has 322 employees currently. Hirschvogel Incorporated is a subsidiary of Hirschvogel Holding GmbH.

Hirschvogel is currently facing strong competition in the United States. To remain competitive and viable in the US, the company must expand its production capacity. Hirschvogel proposes to invest a total of \$50,350,000, with \$14.7 million toward a 65,000 square foot expansion and over \$35 million in the acquisition of machinery and equipment. A total of 37 new full-time permanent positions will be created with an annual payroll of approximately \$1.3 million, and 322 positions will be retained.

The Department of Development recommends 75%/10-year Enterprise Zone tax abatement on real property improvements.

The Columbus City 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 Hirschvogel Incorporated for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed total investment of \$50.35 million, creation of 37 new full-time permanent positions and the retention of 322 full-time jobs.

WHEREAS, City Council subsequently amended the Columbus Enterprise Zone by Ordinances 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2249-92 and 2690-92 in 1992; 1079-94 and 1228-94 in 1994; 1274-95, 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 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, Hirschvogel is proposing to expand its current Columbus Operation by adding 65,000 square feet onto its existing 146,000 square feet, totaling approximately 211,000 square feet of manufacturing and machining space; and

WHEREAS, Hirschvogel will invest approximately \$50.35 million, which includes \$14.7 million in new construction, \$35.65 million in acquisition costs, machinery and equipment, create 37 new full-time permanent positions with an annual payroll of approximately \$1.3 million and retain 322 full-time jobs within the City of Columbus over a three-year period following construction completion on Parcel Numbers: 010-112529, 010-112530, 010-112727, 010-112778, 010-113245 and 010-113324, further known as 2230 S. 3rd Street Columbus, Ohio 43207; and

WHEREAS, the City is encouraging this project because of plans to expand a manufacturing facility located on the Southside Industrial corridor; and

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

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

SECTION 1. That this Council hereby finds and determines that the enterprise submitting the proposal is qualified by financial responsibility and business experience to create and preserve employment opportunities in the zone and improve the economic climate of the municipal corporation and receiving this tax incentive is a critical factor in the decision by Hirschvogel, Incorporated to go forward with the project expansion.

SECTION 2. That the Director of Development is hereby authorized and directed to enter into an Enterprise Zone Agreement with Hirschvogel, Incorporated 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 \$50.35 million, which includes \$14.7 million in new construction, acquisition costs, machinery and equipment.

SECTION 3. That the City of Columbus Enterprise Zone Agreement is signed by Hirschvogel, Incorporated within one hundred twenty (120) days of passage of this ordinance, or this ordinance and the abatements and credit authorized herein

are null and void.

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